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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
January 10, 1992**

Mr. Chairman, Ladies and Gentlemen of the Board, appended to my report this month is a memorandum to the University community on "celebrating and respecting diversity." As you may have noticed, this message has been published in yesterday's and today's Minnesota Daily, primarily to reaffirm and reinforce the importance of our diversity agenda and our equal opportunity policy, and to mark the anniversary of last year's "Time-Out" convocation. The message calls attention to the 11th Annual Martin Luther King, Jr. Memorial Concert, which I hope Board members can attend. It's at 2:00 on Sunday afternoon, January 19, in Northrop Memorial Auditorium.

As I also noted in this letter to the community, the conflict between our equal opportunity policy and the ROTC policies of the Department of Defense remains, and we will continue our efforts to seek resolution at the national level, especially through the dialogue that the Big Ten presidents have opened with DoD officials.

• Restoration of Special Appropriations •

I am very pleased to report encouraging progress toward the University's highest priority for the 1992 legislative session, the full restoration of next year's funds for the "Institute of Technology" and "System" special state appropriations.

Governor Carlson announced his support for restoration on December 23, and this week has already seen action on the necessary legislation. House File 1740 was heard and recommended to pass by the House Committee on Appropriations Wednesday morning. Its companion bill, Senate File 1621, was heard and recommended to pass by the Senate Committee on Finance Wednesday afternoon. The bill was passed unanimously in the Senate Thursday, and action in the House may take place early next week.

I want to make it clear that restoration doesn't necessarily solve our funding problem for the second year of this biennium. The evidence is perfectly clear that the state faces an immediate budget problem for next year; the only question is how large the problem will be for the state. Finance Commissioner John Gunyou spoke Wednesday morning to the Higher Education Advisory Council, indicating that the Finance Department expects the February revenue forecast to increase the size of next year's projected state budget deficit.

There will, therefore, be a Governor's proposal and legislative action to deal with the total state budget problem. The University of Minnesota's

appropriation will certainly be considered for reduction. The only question, again, is how large the problem will be -- this time for us. The funding restored for the specials -- if it is restored -- will be part of the total appropriation considered for reduction. What we will gain from the restoration action is essentially a level playing field, the opportunity for those two specials, along with the other two specials -- "Agricultural" and "Health Sciences" -- and the Operations and Maintenance budget, to be examined on their merits in the executive and legislative deliberations.

What may also result, depending on the way in which a budget bill is written, is more flexibility in the decisions that we will have to make to implement the budget cuts. At issue is whether any, some, or all of the specials should be folded into the University's O&M appropriation.

In general, it has long been the University's view that some of the special state appropriations should be folded into the O&M appropriation. The philosophy behind that view is that such action could give the University administration and the Board of Regents the maximum authority to make budgetary and program decisions involving state-appropriated funds. The consolidation, a few years ago, of specials into four groups within which funds could be reallocated by the University was a step in that direction.

We have indicated to the Governor's Office and legislative leaders that we are willing to enter into discussions with the legislature concerning the possibility that some, but not all, current specials might be folded into the O&M budget.

In practical and political terms, the programs funded under the specials live with advantages and disadvantages. As specials, they compete less directly with the Operations and Maintenance priorities of academic units and academic support units, and that is important to those whose programs are more obviously important to agencies of state and local government or particular economic sectors of the state than to the rest of the University. In St. Paul, they -- and the constituents they serve -- can make their case somewhat more directly to state government. The major disadvantage, well illustrated in the last year, is that they are vulnerable to the line-item veto.

Before leaving this topic, I want to clarify one point on our discussions with the Governor's Office about the restoration of the specials funding. The position we tried to communicate was the importance of full restoration, early in the session. That -- as I said earlier -- levels the playing field. Then, if there must be a supplemental budget bill to deal with the whole state budget -- as seems inevitable -- both the executive and the legislative branches will obviously consider the whole University appropriation -- on the merits -- as one candidate, among all state-supported organizations, for further budget reductions. Those cuts that must be made we would expect to be made on the basis of disciplined choices -- on the basis of both short-term and long-term implications for the economic well-being of the people of Minnesota. On those grounds, I believe we have an important case to make, and I'm willing to take

every opportunity to make it before the leaders the people of Minnesota have elected.

• **Minnesota Extension Service** •

Judging from communications I have received and comments in some of the news media concerning personnel lay-offs in the Minnesota Extension Service, there is some understandable confusion about the reasons for those decisions. Some have assumed that those lay-offs reflect a University decision, part of the Restructuring and Reallocation Plan.

The Restructuring and Reallocation Plan that the Board approved last March does not cut those units. It reallocates \$1,500,000 to the Minnesota Extension Service and the Agricultural Experiment Station. That plan has not changed.

The personnel lay-offs stem from three other factors:

- Reductions in Federal funding;
- Reductions in the State appropriation for this special, mandated in the 1991 session; and
- Inflation-related salary increases for next year, which must be funded by reallocations within MES.

On the last point, I must emphasize that MES was by no means singled out to be responsible for its own inflation adjustments. All of the programs funded as special state appropriations are required to find their own reallocation funds to cover their salary increases. All the colleges in the University are also responsible for the portion of their salary increases (3%) that cannot be covered by tuition increases.

The layoffs in MES are but a few of the approximately 500 position terminations anticipated as part of the budget cut for the biennium.

• **CUFS Cost Management Review** •

On another budget-related matter, I want to comment briefly on the CUFS Cost Management Review that was discussed yesterday in the Audit Committee. Coopers & Lybrand, the firm that Senior Vice President Erickson commissioned in November to conduct this review, has given us a most thorough report. The information and recommendations make it clear that the Financial Management System has faced greater obstacles and costs than were anticipated, but we now have a much clearer view of the challenges that remain.

The total overhaul of the University's financial management computer system was mandated by the Spencer Commission in December, 1988. Their

cost estimate was \$13 - 18 million. Our actual costs remain in that range, but they are substantially greater than the costs Gus Donhowe thought we might realize -- though the possibility of higher costs was explicitly raised when the Board approved this project in October, 1989.

When it became apparent that higher costs were, indeed, incurred, Senior Vice President Erickson made some immediate staffing changes, and the Coopers & Lybrand people were requested to determine the exact amounts and the reasons they occurred. This firm will continue to work with us to provide oversight throughout the remainder of the project.

The problems of implementation provide further evidence of the scope of our old system's weaknesses, but the good news is that the project has stayed on schedule. The cutover to the new system occurred within three months of the date projected two years in advance.

• NCAA Convention •

This week I attended the NCAA Convention in Anaheim, California, and I'm pleased to report some positive and most encouraging developments.

The first is a personal tribute, the NCAA's Silver Anniversary Award to Regent and Assistant Attorney General Alan Page. This award recognizes former student-athletes who have distinguished themselves since completing their college athletic careers 25 years ago. I cannot think of a more deserving winner, even though Regent Page made the unfortunate mistake of choosing another university for his undergraduate education and football career. He corrected this by coming here for Law School.

The special importance of Regent Page's selection for this honor is his local and national prominence in the athletic reform effort, not only as a role model for student-athletes, but also as a public official who effectively pushes the reform agenda, and as a private individual who founded and presides over the Page Educational Foundation, assisting minority and disadvantaged youth with post-secondary educational opportunities. His selection fits right in with this convention's actions on the reform agenda that was initiated last year by the NCAA Presidents' Commission.

At the top of this year's agenda were actions to strengthen academic standards for participation in intercollegiate sports.

For example, freshmen are currently eligible for competition if they have a 2.00 grade point average in 11 core high school subjects and an SAT score of 700 or better or an ACT score of 17 or better. Beginning in 1995, freshmen will have to demonstrate a 2.5 GPA in 13 core subjects and meet a sliding index on the SAT or ACT scores to be eligible for competition.

Likewise, continued eligibility will require the satisfaction of more rigorous academic progress standards in college. Beginning with next fall's freshmen class, student-athletes will have to complete at least 25% of the requirements toward a degree by their 3rd year, 50% by their fourth year, and 100% by their fifth year.

Other academic as well as cost containment and equity issues are still being deliberated, and by the Convention's end, I believe they will result in additional and much-needed reforms.

• Personnel Matters •

I'd like to conclude my report with comments on several personnel matters.

First, I must express my thanks to the members of the Board for your participation in not just one, but two, special meetings in the last month, and for approving the appointments of McKinley Boston as Men's Athletics Director and Jim Wacker as head football coach. In the world of Division I intercollegiate athletics, time was of the essence in both of these matters, where even a few weeks of uncertainty would have had undesirable effects on recruiting and morale. I appreciate your understanding of that.

More importantly over the long run, McKinley Boston and Jim Wacker will be key figures in our continuing efforts to:

- provide good education for the student-athletes;
- play by the rules; and
- field competitive teams.

Those were the heart of the instructions to both search committees, and they have followed them to the letter.

On this month's agenda, I want to call your attention to my recommendation of the appointment of Professor Richard Skaggs of the Department of Geography as Associate Vice Provost for Academic Affairs. This is a half-time appointment in the Office of the Vice Provost for Arts, Sciences, and Engineering; he will continue his faculty responsibilities in Geography at 50% time. Professor Skaggs will serve as Chair of the new Council on Liberal Education, which has now been appointed, with the exception of one undergraduate student and one graduate student. His primary responsibility will be to work with the Council and with Vice Provost Anne Hopkins to implement the new liberal education requirements for the Twin Cities campus.

Professor Skaggs's research interests have involved him with faculty in the College of Agriculture and the Institute of Technology, as well as colleagues

in the College of Liberal Arts. He served on the earlier Council on Liberal Education, and I know from personal experience that he has an excellent understanding of undergraduate education issues on the Twin Cities Campus.

Four finalists have been announced in the search for General Counsel:
Andrew Ives, Jr., General Counsel, University of Arizona
Melany Stinson Newby, Vice Chancellor for Legal and Executive Affairs,
University of Wisconsin-Madison
Mark Rotenberg, Partner, Dorsey & Whitney, Minneapolis
Stephen Veazie, Legal Counsel, University of Illinois, Urbana-Champaign.

Interviews are scheduled for the next two weeks.

As you know, I have accepted the resignation of Rick Heydinger as Vice President for External Relations, effective June 30. There will be later occasions for personal comments, but I have known Rick since he came to the University to work with Henry Koffler 14 years ago, and it's been my personal pleasure to work directly with Rick for nine of those years. In the early years, we worked together very closely in academic planning, for which he did the lion's share of the staff work. I regard the long-term continuity in our planning from those early years to the present and into the future as a lasting tribute to Rick's personal contributions.

As a Vice President and cabinet member, Rick continued to contribute to the academic planning he had helped develop, and he's been particularly helpful to the cabinet and me in communications planning. Those contributions will also continue, thanks to his ability to hire talented professionals to manage our External Relations units.

I hope to appoint a search committee for Rick's successor within the next week or two, and I will keep Board members informed.

• Tribute to Regents' Professor Robert H. Beck •

Last week the University community lost one of its finest citizens, most respected scholars, and dearest friends with the death of Robert H. Beck, Regents' Professor of History and Philosophy of Education. Bob was truly one of the best and the brightest in the academy -- here, nationally, and internationally -- and all of us will miss him deeply.

There are no better role models of the university professor.

There will be a memorial service at 3:00 this afternoon in room 175, Willey Hall, and I hope you will be able to join me in paying tribute.

Appendix:

Letter to the University Community, "Celebrating and Respecting Diversity"

UNIVERSITY OF MINNESOTA

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January 6, 1992

To: The University of Minnesota Community
From: President Nils Hasselmo
Subject: Celebrating and Respecting Diversity

This week we return to a new quarter after a season of secular, family, and religious celebrations. On Sunday, January 19, you are invited to another important celebration, the Eleventh Annual Dr. Martin Luther King, Jr. Memorial Concert. This celebration will be at 2:00 p.m. in Northrop Memorial Auditorium. It's free, open to the public, and no tickets are needed.

Beyond what I assure you will be a moving tribute to Dr. King and his dream, this will also be an occasion to mark the anniversary of the "Time-Out Convocation," last year's unprecedented show of University community support for the fight against racism. I hope to see you there, wearing the anti-racism stickers that we are distributing again this year.

World-wide, we also enter a new year after one that gave us much to celebrate, with the reduction of "cold war" tensions and the prospects for emerging and strengthened democracies. Those global changes have developed with incredible speed, yet they've also revealed continuing and disheartening evidence that the world is suffering a growing epidemic of racism and other diseases of intolerance.

In this global context of both promise and threat, it is vital to acknowledge the promise -- and the threat -- that exist, in microcosm, right here in our own academic community.

The threat is two-fold. Its most obvious form is found in blatant acts of bigotry and intolerance, ranging from illegal actions to legally-protected expressions of opinion. Personally, I was shocked and distressed to read racial attacks in the pages of the Daily this fall. I condemn such attacks and the organized efforts to spread vicious and racist propaganda.

As a university, we have established certain rules for campus organizations. Those rules include commitment to the policy:

"that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation."

The University has -- and will continue to exercise -- the clear authority to deny or remove approval of student organization status to racial supremacy or other groups that refuse to comply with this policy.

We will continue our efforts at the national level to remove discrimination based on sexual orientation in our ROTC programs.

The less obvious threat in our community is inadequate attention to the diversity agenda, whether that's caused by the press of other issues or events or the lack of confidence that we can effect real change. We have introduced administrative measures to further our diversity agenda, and we have seen encouraging individual and group initiatives emerge during this past year. We simply cannot be discouraged by the pace of change in the past or by the apparent pervasiveness of intolerance and bigotry in so many places around the world. However modest they may seem in the global scene, we have to take our own steps to improve conditions in our own community. And, we have to measure the effectiveness of those steps against our own stated objectives, goals, and values.

The promise in our community is anchored in the progressive history of our state and region, in long-standing University values and traditions honoring academic freedom and responsibility, equal educational opportunity, and openness to new and different ideas, and in clearly stated diversity goals for our future. Our ideals are in place; our challenge is to continue progress toward meeting them in practice and in the lives of every member of our community.

The progress that we have made gives added vitality to the promise for a community that exercises genuine respect for all its members. We are not there yet, but we're moving in the right direction.

I wish you all a happy and productive new year.

Cordially,

A handwritten signature in cursive script, reading "Nils Hasselmo".

Nils Hasselmo

President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
February 14, 1992

Mr. Chairman, Ladies and Gentlemen of the Board, I am appending to this month's report a copy of the February 4 issue of *Footnote*, the newsletter of the Faculty Consultative Committee. The article summarizes a paper on faculty workload by Political Science Professor Virginia Gray, who serves as legislative liaison for the Faculty Consultative Committee. Judging from my own experience how frequently you must be asked about this, I think the article may be particularly useful to you.

• Faculty Workload •

The persistence of questions about faculty workload is by no means a Minnesota phenomenon. It's national. It's probably even timeless; the questions have been asked since different levels and types of schools began developing.

The basic problem of public understanding is really quite simple. People make comparisons based on their own experiences. The most popular frame of reference is the local high school. That's followed -- in descending order -- by two-year colleges, four-year colleges, and, for the fewest, the large research universities.

The typical twelfth grade teacher in Minnesota works under a union contract that calls for 7.83 hours per day in school, 5.5 of those hours in class. That comes out to 39.15 hours per week, 70% spent teaching and 30% spent on preparation and other school duties. The typical day is six classes, including activities such as study hall.

By contrast, according to a 1990 national survey, the typical faculty member in an American public research university reports a 52 hour week, of which 22 hours (43%) are spent on teaching and teaching-related activities, with the rest spent on research, public service, and service within their institutions.

Faculty at other types of American colleges and universities report different patterns. "Public comprehensive universities" (such as Minnesota's State Universities) report a 46 hour week, with 28.5 hours (62%) spent on teaching and teaching-related activities. Public two-year colleges report a 40 hour week, with 28.4 hours (71%) spent on teaching and teaching-related activities.

Thus, as Professor Gray reports, the average research university faculty member spends 6 hours less on teaching, but works 6-12 hours more per week.

The differences are attributable to research, service, and the proportion of teaching responsibilities at the professional and graduate levels.

At this time, we do not have comparable 1990 data on college and university faculty workloads in Minnesota institutions. For the University, the most comparable survey data were gathered in 1978. That survey reported a 59.2 hour work week, with 30 hours (50%) spent on teaching activities, 15 hours (25%) spent on research, and 15 hours (25%) spent on public and University service. The more up-to-date data that we do have suggest that our faculty members continue to spend more time on teaching activities than the national average for public research universities -- and that the instructional effort is increasing, not decreasing.

What we also know about 1990 is that University of Minnesota expenditures for sponsored research and training, \$218.6 million, amounted to roughly \$90,000 per FTE faculty member. Preliminary information on fiscal year 1991 is that sponsored program expenditures increased to \$248 million, or \$100,000 per FTE faculty member. To put these numbers into perspective, I have to emphasize several key points:

- Most of these dollars are from outside the state; this is new money that comes into the Minnesota economy, supporting 5,000 to 6,000 other jobs year after year.
- These dollars are awarded on the basis of extraordinarily tough national competition; if Minnesota researchers weren't competitive enough to win them, they would go elsewhere.
- It is the initiative and talent of individual faculty members and teams of faculty members that attracts these outside dollars; in administration and governance, we take steps to encourage and facilitate faculty initiative, but in the final analysis, the credit for success is due overwhelmingly to our faculty.
- The \$100,000 brought in per faculty member is almost twice as much as the average total annual compensation -- salary plus fringe benefits -- per faculty member.
- For a state investment of a little over \$50,000, Minnesota gets the teaching, scholarship, and service activities of the faculty member, PLUS the additional research and training activities supported by \$100,000 in grants and contracts, AND the additional benefits of this extra money circulating in our economy. By any reckoning, that's a good deal, and it's only available in a research university.
- I would also add this note of clarification, because people who are not close to the University often do not understand; these grants and contracts do not increase the salaries of the faculty members. To be sure, continued success in winning competitive grants is a factor

taken into account in salary decisions, but winning a grant doesn't change the already set salary rate.

Over the last twenty years, the University's average rank for federal funding among all universities, public and private, has been 8th, which surely means within the top five public universities. And, with 151 patents issued over the last five years, we rank 6th in the nation over that period, 3rd among public university systems.

In sum, the University of Minnesota's teaching workload is at least comparable -- and quite likely greater -- than comparable research universities, and the research and technology transfer productivity is greater. Put simply, Minnesota's investment in University faculty talent pays off.

• Minnesota Supercomputer Institute and Center •

The University of Minnesota's supercomputer initiative is a unique and dramatic example of the competitiveness and productivity I've just mentioned. It's an example of one of those steps that we have taken at the governance and administration level to encourage and facilitate faculty initiative. In simplest terms, it's been an investment in the tools that faculty members have available.

From its beginning in 1984, the Supercomputer Institute has been a joint venture of the executive and legislative branches and the University. In part because our state has been home to the development and manufacturing of supercomputers, and because the new technology has always had such dramatic implications for scientific research, this joint venture was an early initiative to invest in Minnesota's competitive advantage.

Ironically, the early investment by the state and the supercomputer companies probably hurt our chances to attract the early stage federal government support that was given to make supercomputing available to university researchers. By the time the federal government was deciding its initial grants, Minnesota already had a head start; supercomputing was already going to be available here -- with or without federal start-up money -- and that allowed the government to spread those first resources elsewhere. That, incidentally, had some understandable political appeal.

It's that history that led to the creative approach, setting up the Minnesota Supercomputer Center -- essentially the facilities and equipment -- as a separate, for-profit company, which could also sell supercomputer time to private industry, earning private revenue that could be used to maintain and up-grade the supercomputing equipment.

That creativity has paid off. The Center has made a profit every year, certified annually by a "big 8" accounting firm. The Center has, indeed, been able to up-grade the supercomputers to maintain a state-of-the-art capability that is unrivalled among university supercomputer centers. Long ago, our

first supercomputer was moved out into the lobby, where it serves as a piece of furniture. If manufacturers of subsequent generations had built in the "settee" design of the Cray 1, the place would look like a furniture store only eight years later.

In terms of encouraging and facilitating faculty research productivity, the initiative has had results that are precisely what the University intended, but quite possibly better results than were predicted. From the state's investment, now \$8 million a year, we now have \$30 million a year in research grants and contracts that involve supercomputing. That's just a measure of dollar flow, and as I have often pointed out, the greater importance of the long haul is the knowledge generated by the research. That we cannot measure so easily. We cannot predict the one piece of research whose economic or social impact might make the entire, eight-year investment worthwhile -- but there might just be such a project.

Today, we're at a key decision point. The need for up-grading continues. The power and price of the equipment is escalating. We face a funding commitment that we have to make to preserve our competitive position in an important research area and in an important area of the science and technology strategy of the State of Minnesota. A legislative special appropriation of \$8 million a year has so far funded the University's costs in buying services from our Center. I believe that the chances are good -- there is support both from the executive and legislative branches of state government -- that we will see the \$8 million appropriation continued. We must make the commitment, especially at a time when investment in future development is critically important.

We have been able to make extraordinarily powerful research tools available to our faculty at competitive, favorable rates of cost. The question is whether this public university and this state can continue to maintain and build Minnesota's competitive advantage in supercomputing. That advantage was built by a unique public/private partnership, and I am firmly convinced that the partnership must be maintained.

The alternative for maintaining the University of Minnesota's leadership in supercomputing is greatly increased taxpayer subsidy, either from the state or the federal government or both. That's not going to happen.

• Report of the Commission on Post-Secondary Education •

The information on faculty workload has everything to do with mission differentiation -- the division of labor, if you will -- in Minnesota's higher education systems. Like public and private organizations of seemingly every type and level, our higher education effort is caught up in "restructuring," a fundamental process which the University of Minnesota has taken seriously. Likewise, "quality improvement" has become an almost pervasive goal in the restructuring agenda.

The restructuring agenda for higher education in Minnesota has not yet been fully defined. It may well be best described as "at the crossroads," the title of the report of Governor Carlson's Commission on Post-Secondary Education, chaired by Ms. Connie Levi.

The "crossroads" referred to in the Levi Commission's report can be described in many ways. The most basic underlying assumption of the report is that the road that Minnesota higher education has been on leads to a dead-end of higher education programs that the state cannot -- or will not -- afford. My own version of that assumption was the "silent crisis" speech I gave in Rochester in October, 1990. I find it gratifying that the Commission's report now joins the legislature's action last session in giving voice and attention to the real issues we face.

Both the merger bill passed in 1991 and the Levi Commission report released last month build upon and reaffirm the fundamental directions that the University has taken. Those directions have involved tough and controversial choices made by the Board of Regents, and while the choices are not getting any easier by any means, the positive reinforcement is most welcomed.

The 1991 session merger bill prescribes a three-system merger -- the Technical Colleges, the Community Colleges, and the State Universities -- by 1995. That merger is now law. It will go into effect unless some other restructuring proposal earns enough legislative support to be approved before 1995. There is, quite obviously, enough controversy over a three-system merger to make an alternative structure at least possible.

There may have been the anticipation that the Levi Commission would come up with an entirely different model. They did not, except for a recommendation to create post-secondary education districts throughout the state to facilitate regional cooperation. Instead, the Commission concentrated its effort on the improvement of quality -- regardless what road restructuring takes. That must be seen as a vital and constructive contribution to the public debate.

The Commission's recommendations serve five goals:

- *Serving the needs of the customer*
- *Promoting and providing quality*
- *Redefining access*
- *Leveraging change through funding and other policies*
- *Clarifying the missions and creating a structure to enhance quality, access, and meeting the customer's needs.*

From the University's perspective, the Commission's report is very much in line with the planning directions we have taken. There can be differences of opinion on details and interpretations, but it's clear that we're speaking in the same language -- even if we occasionally have different accents.

The specifics of restructuring are not clear. What is clear, in discussions among legislators as well as educators, is that other merger options are being talked about, and that the University may be asked to comment. That would be an entirely reasonable request, and we have been discussing the options. I have tried to emphasize that the University of Minnesota does not have a proposal -- either on or under the table. We are simply thinking about the options -- what they might mean to the University and what we might contribute to the discussions.

• K-12 Cooperation •

One recommendation of the Levi Commission that we endorse wholeheartedly is that "*Cooperative partnerships between K-12 and post-secondary education should be developed.*" That is entirely consistent with the "K-12 Initiative" that is part of the Restructuring and Reallocation Plan approved a year ago by the Board of Regents. And, it is a direction that the University of Minnesota has been developing for some time.

This month's Regents' meeting, by coincidence, included a status report on our K-12 initiative. Part of that report was the preliminary inventory of K-12 program activities that already exist as cooperative partnerships. The number of programs -- 142 as of last November -- is probably higher than most would have predicted, and the range of programs is broader. For short-hand, we call them K-12; they would be more accurately labeled "Pre-K - 12."

The inventory is only a first step, identifying the University people and programs already working with their K-12 counterparts. We may well find areas where new efforts should be initiated. We will probably find areas where coordination, either inside the University or with other organizations, would improve results. In any case, the inventory of 142 programs is another case of positive reinforcement that we are headed in the right direction. This overview will now give us a better opportunity to evaluate programs and set priorities for future programming in this important area.

• Restoration of the Special State Appropriations •

Seizing all the opportunities for positive reinforcement I can find, I have to take note of the legislature's action to restore next year's appropriations for the Institute of Technology and System "State Specials." The support for restoration, from legislators and from the Governor, is recognition of the substance, merit, and contributions of the programs that would have been severely curtailed or dropped altogether. Having said that, I hasten to add that

we still must be prepared to document the value of these and other programs in the general state budget deliberations that will take place as the session resumes its work. Those discussions may very well involve proposals to fold certain of the programs into the Operations and Maintenance budget, and we are fully prepared to discuss those options with state government. We are also fully prepared to defend -- and defend vigorously -- the entire state appropriation to the University in the legislature's expected discussions of further budget reductions.

The \$27 million reduction that has already been sustained in the budget for this biennium, through action by the 1991 legislature, is a heavy burden on a university -- and its students -- especially on a university that is involved so strongly in restructuring and in reinvestment of available resources in even more effective programs.

Imposing even further burden on students through tuition and fees, without dramatic increases in student financial aid, is clearly not the answer to future budget problems. In the final analysis, this is a political problem at both the state and national level, and I have urged University of Minnesota students and their organizations to get more involved in telling their story to the elected representatives who must make the final decisions.

• Diversity and Pluralism •

On the afternoon of January 28, 1992, a very important, perhaps first-of-its-kind event took place at Eastcliff. On that day, 31 African American and Jewish faculty and students convened in an informal meeting to examine, through conversation, various issues directly related to diversity and pluralism.

This is one of the initiatives on our continuing agenda of dealing with anti-Semitism, racism, and other forms of bigotry in our society. Valuable leadership is provided by former Regent, Dr. Josie Johnson, who devotes full-time to this effort.

Besides having the participants arrive at deeper levels of understanding from their respective points of view, it was my hope that we could begin to develop a new, perhaps greater, appreciation for the research possibilities that exist in this area.

As you will recall, last May we launched a University-wide Diversity Forum that included, as part of its thrust, this type of scholarly engagement. By using our scholarly resources -- our "selves" if you will -- we in essence employ our strongest assets in meeting some of today's greatest challenges. Among the topics we discussed were the following:

- an historical account of the racism, bigotry, and oppression experienced by Jews and African Americans in the United States;
- the strategies each group has employed to cope with or combat these experiences; and,

- how these experiences and coping strategies may have caused each group to view political, social, religious, or academic issues differently.

I believe that by focusing on these issues, from both a human and a scholarly perspective, we not only contribute to the literature by creating new understandings and knowledge, but we also further mutual respect for an understanding of old and sometimes troubling issues that tend to persist in the University community and society at large.

I'm pleased to report that this meeting stimulated lots of discussion and indeed supported the notion that there is a need for ongoing dialogue, as well as new research, on the issues I mentioned earlier.

At the conclusion of this meeting, the faculty and students expressed satisfaction with this first effort. They each identified an aspect of the research and dialogue that they would like to engage in. A series of follow-up meetings are being planned.

The African American and Jewish dialogues and research process will establish a model for similar cultural exchanges in other areas. We are currently extending invitations to representatives of our external communities to discuss with us the issues of diversity and pluralism. Included in the groups are representatives from the:

- Legislature
- Local Government
- Business
- Women
- Ethnic Communities
- Education
- Cultural and Religious Groups
- Media
- Physically Challenged; and
- Sexual Orientation Representatives

• Personnel Matters •

There are several important personnel matters this month, the first of which is welcoming Robert Anderson, M.D., our new Vice President for Health Sciences. That's the last time for "Robert," he's going to be "Andy" from now on out. Andy comes to us from the University of New Mexico, where he served as head of the Pathology Department since 1968. He also comes to Minnesota after one of the longest searches on record, during which our Health Sciences organizations continued to thrive under the leadership of Cherie Perlmutter, our Associate Vice President for Health Sciences.

For over three years, Cherie has served with remarkable skill and success as "Acting," then "Interim" Vice President. An operation as large, complex, and important as our Health Sciences Center is a formidable management responsibility in the best of circumstances, and even more so in a temporary capacity. I don't think it's overstating the point one bit to say that Cherie Perlmutter set a new and higher standard of performance for taking on an interim responsibility. She has administered the Health Sciences with true distinction, and I am most indebted to her for her skill and wise counsel.

With the resignation of Dr. Gilbert Banker as Dean of the College of Pharmacy to take the deanship at the University of Iowa, we have lost a skilled administrator and valued colleague. Gil Banker's six years of leadership here have enhanced the quality and reputation of the College of Pharmacy, and no doubt we will soon have increased competition on our southern border. Gil has also been a leader in the broader University community, and I am particularly grateful for his service as chair of our Community Campaign.

During the search for a new dean, Dr. Robert Cipolle will serve as Interim Dean. Bob has held the position of Associate Dean of the College of Pharmacy since 1988 and has been on the faculty since 1974.

With this month's appointment of Paul Tschida as Assistant Vice President for Campus Health and Safety, we have also completed an important restructuring step for the coordination of the University Police Department, the Department of Environmental Health and Safety, the office of Disaster Planning and Emergency Management, and our code compliance functions. Paul has the training, experience, and administrative track record to bring all of these health and safety functions together effectively. Having had the opportunity to work with Paul for the last year, while he served as Acting Director of Safety and Security, I'm confident that we have the right person for the job.

For the last several months, we've also had the services of Jim Infante -- on approval, if you will -- as Senior Vice President for Academic Affairs and Provost, and I have made the recommendation to continue Jim's appointment with great enthusiasm. His leadership in shaping both our response to this biennium's budget cuts and our continuing and all-important restructuring and reallocation plan has been absolutely essential.

This month's appointment of Mark B. Rotenberg as General Counsel brings another major search to a successful conclusion. Mark has been an adjunct professor in our Law School while he was a partner in the Dorsey & Whitney law firm. Before that, he served in the Office of Legal Counsel in the U.S. Justice Department, the office that provides legal counsel to the President and the White House staff. I'm looking forward to having him on my cabinet.

Appendix:

February 4, 1992, issue of *Footnote*

FOOTNOTE

☐ February 4, 1992

☐ Volume 5, Number 11

☐ Published by the Faculty Consultative Committee

Who's Doing What?

The Public is Questioning Faculty Work Loads Again But This Time the Faculty Has Answers

Virginia Gray's mother can't understand why her daughter needs to work during the University's quarter breaks. And it's not uncommon for people like Gray's hairdresser to ask her how her quarter break is going, as if there is nothing for University faculty to do when classes aren't in session.

These perceptions aren't restricted to a select group of individuals. The public, in general, has many misconceptions about what University faculty do, should do, or don't do. And when the public questions something like faculty work load, those questions usually end up at the state capitol, where legislators start asking the same questions.

The work-load inquiry happens periodically and surfaced again last year, when legislators frequently asked University administrators and faculty representatives about teaching loads. The result will be a legislative study of faculty work load in the state's higher education systems.

The study may lead to something bigger, though, like a Universitywide work-load policy, says Gray, a political science professor who is the legislative liaison for the Faculty Consultative Committee (FCC). "Ultimately, there will be some stated policy," she says. "If we don't come up with a policy, the legislature will come up with one for us."

The University eventually will need a broad, general policy to cover all departments, Gray says. Departments will need more specific policies (taking into account marketplace demands) that would outline faculty expectations. Department work-load policies also

could clear up inequities among faculty members in the same department who use their time differently. A policy could lead to more comparable work loads for faculty in the same department and could be used to help determine salaries.

A legislative committee is discussing the issue and will probably use institutional information—student-contact hours per faculty member, outside funding levels, etc.—to study the work loads in each higher education system. Gray anticipates that the study will be discussed during the 1993 legislative session and that the legislature may want to take some kind of action then. "If (faculty) can show that we've been addressing the issue, that would be to our advantage," Gray says.

The FCC has discussed work loads and Gray expects more groups to discuss it this year.

The basic problem is that the public doesn't understand faculty work loads and isn't familiar with the differences between the University and the state's other higher education systems. That leads to misconceptions, misunderstanding, and finger pointing when budget time rolls around.

That's where Gray fits in. As the faculty's legislative liaison, one of her primary duties is to educate legislators on what exactly University faculty do. And she has her work cut out for her when the discussion turns to teaching. "(Legislators) get very distressed when they hear that there is no stated, uniform, and specified number of classes that everyone must teach," she says.

In response to the public's concern, a committee chaired by Gray wrote a statement on faculty work-load. Administrators and faculty members can use the statement when they're faced with work load questions by legislators and the public. The statement uses a variety of sources and statistics to show that the responsibilities of the University's faculty are unique among faculties of Minnesota's higher education institutions. University faculty, for example, must juggle three missions—teaching, research, and service—and a host of related responsibilities.

The University's task is to educate the public and University students on what University faculty do for a living. "I really believe that if the public and legislature don't understand what the faculty does, it's because we haven't told them, and it starts with the students who don't understand what we do when we're not talking to them," Gray says. "I think it's up to us to explain what we do all day."

The fact that the work-load issue surfaced last year is no coincidence. "With the current budget situation, we're being held more accountable," Gray says. "But this is a nationwide issue that's coming up in a lot of states. In some places, the response has been to increase work loads." Rutgers University, for example, responded to a budget crunch by adding one more course to all faculty members' schedules to reduce the number of part-time instructors.

The work-load statement's bottom line is that University faculty don't have a shortage of work. In fact,

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Work Load, from previous page

University faculty work load in nearly every category exceeds the work loads at Minnesota's other public systems and at public institutions nationwide. For instance, a 1990 nationwide study shows that faculty at public research institutions work 52 hours per week, compared to 46 hours at public comprehensive universities and 40 hours at public two-year institutions. A University survey in 1978 revealed that faculty here work 59 hours per week.

University faculty apparently spend more time teaching than does the average faculty member at other public research universities. According to the 1978 survey, University faculty members spent 50 percent of their time teaching, 25 percent of their time on research, and 25 percent on service. In the 1990 study, faculty at public research universities nationwide taught only 43 percent of the time. The total time spent on teaching and related activities was

30 hours a week at the University, according to the 1978 survey, and Gray believes that instruction time has increased since then because student-contact hours are up. The 1990 survey shows only 22 hours on average spent on teaching and related activities at other public research universities. The question of whether faculty behavior has changed since 1978 must be taken into account, though.

The organization of work at the University may contribute to the public's misunderstanding of work loads, Gray says. Many people don't know that the University faculty (except on the Waseca and Duluth campuses) is not unionized, as are the faculties at Minnesota's other higher education institutions. University faculty have no union contract that outlines things like the number of classes faculty must teach and the number of office hours they must keep. The result is a decentralized organization where departments have some flexibility in determining how to deliver undergraduate instruction and perform their other duties.

The University also differs from other institutions in how faculty members are rewarded. The faculty's performance-based merit system creates a competition among faculty members in a given department. "Those who get raises are those who excelled," Gray says. The merit system can enforce performance expectations without specified work load standards.

The biggest misconception among the public may involve faculty responsibilities. Many people, Gray says, don't understand that University faculty are responsible for three missions, and the teaching mission may be the most misunderstood of the three.

"Legislators and the general public see teaching as the most important mission," Gray says. "Legislators get calls about problems with teaching but they never get calls about research."

Gray likes to use an analogy when she talks about the teaching mission. She likens faculty members to ministers because the majority of people see the minister work only one hour a week; they don't see the week-long preparation

that a minister undertakes before a service. Such is the case with the faculty.

Many people believe that University faculty members are experts in their respective fields and don't have to prepare for classroom instruction, Gray says. Although many faculty wish that were true, it's not: faculty members typically spend about 20 hours a week in preparation for classes, according to a poll of 12 University faculty members last year. A University study two years ago showed that faculty members average 8.1 classroom hours each week.

Aside from classroom hours, many activities are directly related to teaching, such as preparing lectures, supervising teaching assistants, and grading exams, term papers, and assignments. Faculty members also perform many teaching activities that don't carry teaching credit but are still time-consuming, such as advising, visiting with prospective students, and—probably the most important—keeping up to date on their fields of study.

New trends and programs are adding to the teaching load as well. The new liberal education requirements include a senior project in which faculty members will have to supervise research conducted by untrained seniors. Also, more students are interested in internships, which require time-consuming supervision.

From 1973 to 1978 University faculty logged their teaching-related time for surveys that were reviewed by legislators. The numbers were so staggering, Gray says, that nobody at the legislature believed them, so the survey was discontinued.

From the numbers that are known, though, the state is getting a bargain. For starters, 66 percent of the University's budget is from nonstate sources while only 25 percent—about half of which is for instruction—comes from the state. Another 9 percent comes from tuition. But while taxpayers and students are paying for a third of the faculty's time, faculty spend half their time on teaching, according to the 1978 survey that shows University faculty spending, on average, 30 hours a week on instruction.

FOOTNOTE

Volume 5, Number 11
February 4, 1992

Managing Editor: Geoff Gorvin
Copy Editor: Nancy Rowe

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The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, religion, color, sex, national origin, handicap, age, veteran status, or sexual orientation.

"They're getting a good deal from our perspective," Gray says. "If two thirds of our funding is from the outside, then two thirds of our time should be for activities away from teaching. We need to link the budget with work load."

Attracting outside funding is a large part of some faculty jobs. The average faculty member brings in about \$100,000 a year in outside funding. While some faculty members raise several hundred thousand dollars a year for research, some—for instance in the College of Liberal Arts (CLA), where there's more emphasis on instruction— attract very little money. The amount of teaching a faculty member does is inversely proportionate to the amount of research money that faculty member brings in, Gray says. For example, CLA faculty average nearly 10 contact hours a week but raise only \$12,252 per year, on average, in outside funding. In the Institute of Technology, faculty average 6.4 contact hours and \$112,488 in outside funding.

Research money adds to the public's confusion, Gray says. Most people don't know that outside funding is spread throughout the department to support other research projects and isn't limited to use by the faculty member who raised it—and it certainly doesn't go toward a salary increase for that faculty member. In most cases, that's news for legislators. "Their view is that research is a peculiar hobby that we have," Gray says.

The very concept of research is

hard for some people to grasp, she says. Research involves more than just lab work: it also means writing grant proposals, which is a matter of life or death for some careers. Some faculty members spend an entire quarter writing proposals.

"People can't see (research) so they don't understand it," Gray says. "A lot of basic research is something a lot of people in the real world couldn't relate to." Applied research, she says, is easier to understand than research in departments such as humanities and social science.

The University is very competitive in acquiring grants: 76 percent of University proposals were funded last year—higher than the national average even though the number of hours the average University faculty member spends on research (25 percent, or 15 hours a week in 1978) is lower than the national average for research institutions.

Research and teaching go hand in hand, especially at the graduate level, but an increasing number of undergraduate students are becoming involved in research projects, Gray says. Many departments hire undergraduates through the Undergraduate Research Opportunities Program. "Those are opportunities that you wouldn't get from nonresearch universities," Gray says.

But other undergraduate students think that research steals time away from instruction. "That's true as far as time goes, but I think faculty members see a synergy there; they couldn't do one without the other," Gray says. "I

tell legislators that if faculty members wanted to do just research, they'd go to a private company. If they wanted to just teach, they'd go to a nonresearch university. One point we try to make is that we wouldn't have anything to teach without research.

"We need to make sure that every student who leaves here knows what research is."

The service mission is probably the least visible of the University's three missions unless you monitor the local news. Few days go by when local media don't tap the expertise of University faculty for commentary on local, national, and international issues. "That's a role that's uniquely one for faculty at the University," Gray says. "That's one way we improve the level of discussion in the community."

Internal service may be more misunderstood. Faculty members spend a lot of time serving on committees, lecturing outside the University, performing administrative duties, and even judging tenure prospects at other universities. And, because the University is a research institution, faculty members are frequently called on for research peer review.

In all, faculty spend about 25 percent of their time (15 hours a week) on service, according to the 1978 University survey.

Working as a University faculty member is not an easy job, but neither is educating the public on what exactly faculty do. ■

Council on Liberal Education Begins Work

The Council on Liberal Education, established by the Twin Cities Assembly at its fall quarter meeting, begins meeting next month. The council will oversee implementation of the recommendations of the Task Force on Liberal Education, which made sweeping changes to the liberal education requirements on the Twin Cities campus.

The council, which will conduct its first meeting February 5, was appointed by Anne Hopkins, vice provost for arts, sciences, and

engineering, in consultation with Tom Scott, chair of the Twin Cities Steering Committee. Hopkins will attend the first meeting to give the council its charge.

The council's initial work includes reviewing and approving courses that students can use to meet the requirements in the diversified core curriculum and the designated themes: cultural diversity, international perspective, citizenship and public ethics, and environmental education. "The

council will have to decide how to develop and issue criteria as the basis for judging courses as satisfactory for these requirements," council chair Richard Skaggs says. "The council will also have to decide if all areas will be implemented at one time or phased in."

Skaggs, a geography professor, hopes at least some of the requirements are in place by fall 1993.

The diversified core curriculum will involve the following areas:

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physical and biological sciences, three courses; history and social sciences, three courses; the humanities and the arts, three courses; and mathematical thinking, one course.

In addition to the core curriculum, students are required to take six courses that fall within the four designated themes, with at least one course from each area. (An approved practicum can be substituted for one of the designated courses.) Also, students must enroll in a composition course or a rhetoric course that is devoted to writing.

The diversified core curriculum will probably be a mix of existing and new courses, Skaggs says. Academic units will review the council's course criteria, then propose courses that they believe would fall within the various areas.

The council's responsibilities won't end when the courses are

implemented, though. "One of our primary duties is to sit back and reflect on what liberal education should be on this campus," Skaggs says. "And that it continues to function the way the Twin Cities Assembly and task force intended."

According to the task force recommendations, the council will also work with administrators on implementing other recommendations and initiatives in the task force report, help develop plans for evaluating the success of initiatives, develop recommendations to strengthen liberal education, and generate a continuing dialogue about liberal education through a campuswide program of speakers, colloquia, and workshops.

The council members are: William Beyer, College of Liberal Arts premajor advising; Victor Bloomfield, biochemistry (term expires June 1995); Norman Bowie,

strategic management and organization (June 1993); Rey Chow, comparative literature (June 1995); David Frank, mathematics (June 1994); Catherine French, civil and mineral engineering (June 1995); Robert Jones, agronomy and plant genetics (June 1993); Candace Kruttschnitt, sociology (June 1994); Steven Penrod, Law School (June 1994); Barbara Reid, theatre arts and dance (June 1993); W. Phillips Shively, political science (June 1994); Matthew Tirrell, chemical engineering and materials science (June 1995); James Tracy, history (June 1995); Billie Wahlstrom, rhetoric (June 1994); Constance Walker, curriculum and instruction (June 1993); and John Wright, English (June 1993). An undergraduate student and a graduate student have yet to be selected for the committee. ■

FOOTNOTE

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
March 13, 1992**

Mr. Chairman, Ladies and Gentlemen of the Board, I'll conclude this month's report with a few brief announcements later, but the State's budget predicament and the Governor's Supplemental Budget recommendations must be the critical issue for our attention this morning.

• Proposed Budget Cuts •

For the next fiscal year, which begins in four months, the Governor has proposed further base reductions of \$25,228,000 in the University's budget. These would be permanent cuts; the effect for the next biennium would be \$50,456,000.

The legislature is now considering these proposals, and we're going to take every opportunity we can find to make the strongest case that these cuts are not at all in the best interests of the State -- either economically or educationally.

In the past week, everyone at this table has faced the same questions:

- **How much would the University be cut?**
- **How much would the budget cuts hurt?**
- **What does it all mean?**

I'll try to answer all three of these questions this morning, as concisely and factually as I can. I'll put my answers in the practical perspective of the tough choices we have already been making in planning and budgeting. And, for the people who will be affected and their elected officials who must make the final decisions, I'll lay out my own best judgment about the effects that another round of \$25 million in cuts will have, including the underlying messages such cuts would convey.

How much would the University be cut?

- **In only the most immediate, limited context, the answer is \$25,228,000, as I said earlier, a permanent base reduction that is effective for the year beginning July 1, 1992, and continues in each year of the next biennium.**

**That's a 5.4% cut out of next year's budget, which was already cut 2.5%.
The total cut would thus be 7.9%.**

The specific recommendations in the Governor's Supplementary Budget are as follows:

Post-Secondary Education Option Subsidies	(\$ 865,000)
Operations and Maintenance	(\$ 19,688,000)
Agriculture Special Appropriation Agricultural Experiment Station Minnesota Extension Service	(\$ 2,444,000)
Health Sciences Special Appropriation Biomedical Engineering Center County Papers Hospital Education Offset Human Genetics Institute Medical Research Rural Physicians Associate Program Veterinary Diagnostic Laboratory	(\$ 958,000)
Institute of Technology Special Appropriation Microelectronics Laboratory Minnesota Geological Survey Productivity Center Talented Youth Mathematics Program Underground Space Center	(\$ 197,000)
System Special Appropriation Bell Museum Biological Process Technology Institute Business and Economic Research (UMD) Business and Economic Research (TC) General Research Fund Humphrey Forum Industrial Relations Education Fund Minority and Disadvantaged Fellowships Natural Resources Research Institute Sea Grant College Program Student Loan Matching Fund Minnesota Supercomputer Institute Center for Urban and Regional Affairs Women's Intercollegiate Athletics	(\$ 1,076,000)

- **In the real context of this biennium's budgeting decisions, the realities of budget cuts and the choices we have had to make are realities that can't be ignored. We're talking about big cuts! Political realities are strong, but they don't make educational realities go away. Big cuts will hurt the quality of the University of Minnesota.**

Only a few months before we started this biennium, we had to deal with a budget rescission of \$ 8 million in last biennium's appropriation.

Our appropriation for this biennium was reduced by \$27 million in the 1991 legislative session, about \$16 million this year, plus another \$11 million next year.

Now, if the legislature were to approve the proposed reduction of another \$25 million, next year's budget would be reduced by \$36 million.

Just to put that into perspective, that's five Waseca campuses!

We would have a total biennial reduction of more than \$52 million.

We've faced another kind of budget cut at the same time -- the very real cuts in the purchasing power of our faculty and staff, plus the loss of purchasing power in our supply, expense, and equipment budgets, that have, in fact, happened because the legislature was not able to provide the adjustments to counteract the effects of inflation. This loss of purchasing power, just in the State tax dollar share of our budget, was \$33 million. For the second year of the biennium, next year, we have dealt with that cut in purchasing power through the tuition increase and internal reallocation.

Altogether, these add up to a biennial budget problem of \$ 85 million.

- **Finally, to add the last -- and most important -- part of the context of this biennium's budget problem, it is all happening while we are undertaking \$58 million of internal budget reallocations for badly needed quality improvements -- and making real progress.**

How much would the budget cuts hurt?

- **The \$27 million base reduction from the 1991 legislative session was a 3.4% cut in the first year, followed by a 2.5% cut for the second year.**
- **Another \$25 million in cuts would increase next year's cut from 2.5% to 7.9%.**
- **In human terms, the \$27 million already cut and the lack of funding to make up for inflation have meant a minimum of 677 lay-offs and terminations.**
- **Another \$25 million in cuts will have to mean almost as many more jobs lost, that is, another 500 or more.**
- **The loss of purchasing power due to inflation is 3.5% per year; we've dealt with that for next year, but this year it has been as real a loss as a**

mandated budget cut.

- The budget base reductions, plus our actions to deal with the effects of inflation, have hurt our students in the form of a 9% tuition increase this year, followed by another 9% increase next year.
- Finally, I am particularly worried about the potential and hurtful effects of another \$25 million in budget cuts on the Undergraduate Initiative.

As proposed, these are not cuts that we have to find ways to phase in over time. If they are approved this session, as proposed, it means that we would start the fiscal year on July 1 with \$25 million less. That means we have to find money that can be cut immediately and money that is tied up with minimal contractual obligations.

In this university -- like others -- that is the kind of discretionary money used for teaching and research assistants, advisors, supplementary faculty for extra course sections, instructional improvements in large classes, computers and other kinds of instructional equipment, library materials, and the services of a variety of support units -- in short, most of the investments we have worked so hard to make in improving the undergraduate experience of University of Minnesota students.

We have made very significant progress in the Undergraduate Initiative. Delaying further progress or rolling back the progress already made would be an absolute disaster for the State and for the University.

The level of "hurt" is also felt in many other ways that are not easily measured. Whether the programmatic and personnel choices are being made to deal with State budget cuts, the loss of purchasing power to inflation, or the Restructuring and Reallocation Plan, they're all tough choices. Virtually all those tough choices have elements of threat -- threats to programs that took years to build, threats to our ability to deliver services, threats to jobs and futures.

All of those threats can have a devastating effect on morale. They already have hurt morale, and another round of mandated cuts will hurt morale even more.

In any kind of organization, the morale of employees is both a matter of rightful support for doing quality work and of common sense incentives for continued and improved productivity. In a major research university, morale is also a potent force in a unique marketplace -- national and international -- where the highest quality talent is always marketable. If all the states were facing budget shortfalls, and all the private research universities and private companies were facing financial difficulties, we would still face competition for our best talent.

What does it all mean?

It means:

- in the long range perspective, damaging the institution whose teaching, research, and service are the most important forces in the State's economic development and well-being;

We have a proven, unmatched record of state-wide economic impact that simply cannot be disputed.

It means:

- in the most immediate short range perspective, damaging an institution that is extremely effective in generating employment on non-state funds.

For every one University employee paid by State tax money, there are almost two more paid by non-state money.

That's part of the University's economic impact that doesn't seem to be well understood. Let's set the record straight.

There has been concern expressed that governmental employment has grown and non-governmental employment has declined in Minnesota. The University of Minnesota is lumped in with the Federal government and State government as now having surpassed 3M, Honeywell, and Control Data Corporation as the State's largest employers.

Please note: The University's State-funded employment has grown less than 10% over the last fifteen years. By contrast, our non-State-funded employment has grown almost 40%!

Here's the hard evidence:

In the fifteen years from 1977 through 1991,

- **State-funded University jobs grew from 7611 to 8362. That's 751 added jobs, a growth of 9.9%. This year's lay-offs and terminations are bound to have eliminated virtually all of that growth.**
- **University jobs funded from non-State sources grew from 11,345 to 15,820. That's 4,475 more jobs in Minnesota, a growth of 39.4%.**

This is employment that is every bit as valuable as employment at 3M, Honeywell, or CDC -- or Northwest Airlines, for that matter. The growth of employment at the University of Minnesota is a

positive, not a negative. It's a measure of increased productivity, not increased bureaucracy.

- The fifteen year trend in University employment is absolutely clear and consistent:

In 1977 the University employed 1.5 people on non-State money for every one person on State tax money; by 1991, it was 1.9 to 1. After this year's lay-offs and terminations, the ratio today almost has to be more than 2 to 1.

Put another way, State tax dollars pay for only 1/3 of the University's employees.

- The fifteen year trend in State and non-State dollars is also clear, also consistent. The dollar trend is also important, since those dollars have multiplier effects as they circulate in the Minnesota economy.

In 1977, State tax dollars made up 36.4% of the University's total revenue. By 1991, that had dropped to 31.1%.

In 1977, the University attracted \$2.75 for every dollar of State tax funds. By 1991, that had increased to \$3.21, thanks to the productivity and entrepreneurship of our faculty members.

The point is that our non-State-funded employment -- our productivity -- cannot be expected to grow or probably even be sustained at current levels if our State-funds budget is gutted.

The State's leaders are concerned about jobs; they want to "kick-start" the economy. Is reducing employment in a highly skilled, professional sector by 1200--1400 people then a wise approach? With 677 lay-offs and terminations, plus 300 unfilled positions already resulting from cuts sustained to date, is adding another 500 or more lay-offs and terminations the best way to "kick-start" the economy? Is that a sensible strategy for longer term economic development, for the educational and social development of the State?

Let's turn to what the proposed budget cut means to the programs of the University -- and, of course, to the contributions of the programs.

It means that the quality improvements that have already been clearly demonstrated are in jeopardy --

- improvements in undergraduate, graduate, and professional education,
- improvements in research and technology transfer,
- improvements in public service.

The \$58 million Restructuring and Reallocation Plan has been a painful process that has meant the closing of a campus and the curtailment or elimination of dozens of programs, shifting funds to areas with heavy student demand and well-known needs for improvement. How can we sustain these improvements if we sustain another major cut?

The \$58 million in restructuring and reallocation is putting more funds into research development -- where investment in sponsored research already brings over \$200 million a year into the State -- with 5000-6000 jobs. We're up 10% again this year in faculty success in sponsored research. How can this be sustained in the face of budget cuts that threaten every discretionary dollar that we might have to invest?

The \$58 million in restructuring and reallocation is putting more funds into public service and the Minnesota Extension Service. MES has developed new and imaginative programs serving rural Minnesota especially, but MES is already reeling under the lay-offs imposed by cuts in last session's legislative appropriation -- lay-offs made all the more severe by budget cuts imposed by the Federal government. How can public service be sustained if the discretionary dollars we can reallocate to MES are dwarfed by simultaneous cuts in their base budget? And note that the MES cuts have been directly imposed by the State and Federal governments, not this administration.

What this all further means is a severe problem in morale.

This year, the faculty and staff have already had to make contributions to the State budget solution -- in total, a loss of purchasing power of \$18 million from frozen salaries -- averaging \$2350 for faculty, \$1200 for staff.

This year our students contributed to the budget solution through \$13 million in tuition increases, averaging \$300 for undergraduates.

The faculty, staff, and students of the University have also been asked to make -- and live with -- a great many tough choices. Even without budget cuts, there are tough choices still ahead. We're in a period of fundamental institutional change. We entered it willingly and purposefully. The whole idea of the change is to improve the quality of the University of Minnesota. That's the light at the end of the tunnel. And it's not a naive, abstract goal. In the last several years, the effort to improve has been rewarded with genuine improvements that are making an important difference. The final goals haven't yet been met, but the progress has been real and measurable.

I don't think for a moment that Minnesota's political leadership intends to send the message to the University of Minnesota community that the quality improvements are unwanted, unrecognized, or should be unrewarded

I don't think public leaders mean to send a message that the political pressure for across-the-board State budget cuts means that the University

would have fared no better or no worse this biennium if we had not made -- were not making -- all these tough choices.

The thing with messages is that the messages intended are not necessarily the messages received and interpreted. I think we are at a crucial point -- this year -- where University faculty, staff, and students need to receive a clear and unmistakable message of real support from State government.

Our best talent -- the faculty, staff, and student talent that defines the quality and productivity of the University -- is nationally mobile talent that the State of Minnesota cannot afford to lose. The surest way to lose that talent is to allow them to read a message that the State isn't willing to put its money where its mouth is.

Mr. Chairman, Ladies and Gentlemen of the Board, the next few weeks will be critical, and we will keep you fully informed of budget developments and any opportunities for you to help.

Before I conclude, I have four more brief items to report.

• Review of the Boynton Health Center •

As required in the resolution passed by the Board last year, Vice President Marvalene Hughes has undertaken an external review of the Boynton Health Service. That review has been completed, and a comprehensive set of recommendations was submitted to me by March 1, as specified.

The report and its recommendations are now being circulated to the appropriate consultative groups, and I plan to bring my recommendations to you later this spring.

• Employee Health Care Plan •

Over the past year, the possibilities of an independent health insurance plan for University of Minnesota employees have received considerable attention and careful study. A proposal for an alternative plan was developed, and the plan has been intensively discussed -- and debated -- in the consultative bodies representing faculty and staff. To make a long story short, the reactions to the alternative plan have been overwhelmingly in opposition, and it is clear that this period of great volatility in the health care field is not a time to be making a recommendation that we adopt an independent plan.

• White Student Union •

The possibility that a so-called "White Student Union" might be created at the University of Minnesota provoked considerable controversy last week, and I want to make sure the Board knows where the administration stands.

Vice President Marvalene Hughes spoke out last week on the well-established principles that the University of Minnesota is against racism and bigotry in all forms, and that the University of Minnesota is for the freedom of speech of all members of the University community. The University of Minnesota will not endorse any racist organization or activity, but nor will the University suppress the freedom of speech and organization.

I completely support Vice President Hughes's enunciation of these principles.

The only issue is registration as a student organization, and that issue is not yet before us. There has been no ban to registration; there has been no lifting of a ban. No application has been made; we do not know that an application will be made.

If an application is made, and if it complies with long-standing University policies, registration can be granted -- not recognition, not endorsement, not University funding. Then, as with all other registered student organizations, all University students would be eligible to join, participating under an approved constitution that guarantees fully democratic processes for the election of officers and the determination of the organization's activities. Those are requirements for registration of an organization; those are requirements that we will continue to enforce.

• Awards and Recognitions •

All of us were saddened by the death of Mr. Jay Phillips last month. The University community has lost a kind friend, a generous benefactor, and a true leader in building and strengthening Minnesota's tradition of philanthropy. His own philanthropic interests were almost incredibly broad, yet many of his contributions were the "lead gifts," and we know from our own experience in the University of Minnesota Foundation, the Minnesota Medical Foundation, and the Minnesota Campaign that he always followed his own gift with effective leadership efforts to encourage others.

To conclude on some positive notes, I'd like to congratulate Regents' Professor of Music Dominick Argento, whose choral work *Te Deum* was nominated for a Grammy Award this year. I also congratulate Professor of Agronomy Robert Jones and the other 39 members of the local group, Sounds of Blackness, who were nominated for and won a Grammy Award for their album, *The Evolution of Gospel*.

I'd also like to call the Board's attention to the National Science Foundation's "Faculty Award for Women" that has been presented to Catherine French, Associate Professor of Civil and Mineral Engineering. This award is given to 100 outstanding female science and engineering professors in the United States, providing \$50,000 a year for 5 years to support research activities.

Finally, the Humphrey Institute is to be congratulated for being selected for an \$11 million, five-year grant from the U. S. Agency for International Development for the "Environmental Training Project." This project is a joint effort of the Humphrey Institute, the World Wildlife Fund, the Vermont Law School's Institute for Sustainable Communities, and the University of Pittsburgh's Center for Hazardous Materials Research. The primary effort is teaching the teachers in Eastern Europe how to deal with their enormous pollution problems and how to run public and private organizations to protect the environment in the future. This is a project that illustrates what we mean by "international research university."

President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
April 10, 1992

Mr. Chairman, Ladies and Gentlemen of the Board, I'm proud to report on two University successes—within a two week period—in hosting important national events: the NCAA Men's "Final Four" Basketball Championship, and the Sixth Annual Conference on Undergraduate Research. By all accounts—the former's accounts somewhat more numerous and detailed than the latter's—both were huge successes, reflecting well on Minnesota and the University.

• Teaching Enhancements •

The undergraduate research conference is directly related to—and a timely illustration of—a fundamental priority in our academic planning, improving the quality of teaching in the land-grant research university setting.

The March 29 Star Tribune ran two stories about the undergraduate research conference, both featuring real examples of good teaching that works, and both illustrating how the teaching of undergraduates can be enhanced in universities with research and outreach missions.

Mary Jane Smetanka's article, *Undergraduates take Research 101*, begins with the story of Larry Fontaine, an undergraduate biology major, asking Professor Franklin Barnwell about "some fleshy white things" protruding from crab shells. "What's this?" he asked Professor Barnwell, who answered "Maybe you should find out."

That simple exchange, taken alone, is good teaching, simply by laying out the possibility—and the responsibility—of a student looking for answers. What followed was even better teaching, the professor making the extra effort to individually guide the student's inquiry and help him prepare a presentation of a scientific paper on his discovery—a newly identified parasite—to a meeting of the American Society of Zoologists.

There's more to this story about an undergraduate student and a teacher than my quick sketch captures:

- Professor Barnwell is a full professor, a prominent researcher, a winner of the Horace T. Morse - Minnesota Alumni Association Award for teaching, and an active participant in the University's Undergraduate Research Opportunities Program (UROP), which, I'm pleased to add, was cited as a national leader in the development of undergraduate research programs.

- Professor Barnwell is on the governing board of the National Conference on Undergraduate Research, and he was also Co-Chair of the Organizing Committee for this year's conference, along with Paul Gassman, Regents' Professor of Chemistry.
- And finally, Professor Barnwell is Head of the Department of Ecology, Evolution, and Behavior in the College of Biological Sciences.

Two observations come to mind. This is an example of an undergraduate student having—and taking—the opportunity to work with a genuine "heavy hitter" on our faculty. It's also an example of a faculty member whose prominence in his discipline, leadership role in his own department, and willingness to serve his college and the University community all come together to encourage and reinforce undergraduate experiences that make full use of the land-grant research university environment. That's a key part of the Undergraduate Initiative that I've tried often to explain. Frank Barnwell's example explains it much better.

The conference told some 1,200 of those stories—1,200 students who came here from over 250 colleges and universities, each benefiting from the mentorship of one or more faculty members.

I'm pleased to add that 77 research papers were presented by our own students: 4 from Morris, 12 from Duluth, and 61 from the Twin Cities. Just glancing through the titles and abstracts of their papers, I'd summarize by saying that they read just like the proposals and grant awards in your monthly docket, and the list of their faculty mentors—added to the 200+ other faculty mentors in UROP— would be a pretty good head-start on a "Who's Who" of prominent University of Minnesota faculty. The importance and impact of their continuing involvement and leadership in UROP and other undergraduate programs would be difficult to overstate. They are improving undergraduate education at this university, making the improvements where they count the most—at the one-to-one interaction of student and teacher.

Much of what we know about quality in universities says that the department is the key level for setting standards, team efforts, using reward structures. When departments have proper leadership—and that is the key factor—they have long proven to be the subcultures/subcommunities that are small enough to develop and maintain shared vision, small enough to recognize individual strengths and weaknesses, small enough to work cooperatively toward mutually held goals. We have many such departments here, and the growth of undergraduate research opportunities suggests to me that we are building the faculty leadership to improve the quality of many more.

The newest issue of Time magazine features a cover story entitled "*The College Crunch: Strapped for money, educators are reinventing the university for the 21st century.*" While it paints a much broader-brush picture of American higher education, it offers a good opportunity for me to add some Minnesota-specific perspectives.

For the briefest summaries, I'd offer these:

- The article is a sure-fire antidote for any feelings that the University of Minnesota is the only institution grappling with restructuring and reallocation amidst budget problems.
- With not much editing work, I could turn the bulk of the article into a story about the University of Minnesota. We face some variation of most of the problems, our planning efforts are generally similar, our specific initiatives could just as easily have been used as examples.

There are differences that I'd have to point out. The University of Minnesota has been engaged longer and considerably more comprehensively in the planning for the 21st century. Our goal of reallocating \$60 million is a good deal higher than most others, in spite of state budget problems as severe as most.

Our successes in private fund-raising, sponsored research, and patents and licensing continue to place us clearly among the leading universities, public and private.

Throughout the country, "reinventing the university for the 21st century" seems to recognize and accept the importance of institutional value systems that publicly acknowledge the priority of quality teaching. We've done that, specifically through the "Undergraduate Initiative" that was launched in 1990. The report presented to the Board at this April meeting by Vice Provost Hopkins shows progress in important areas.

We're beginning to see results from our efforts to strengthen high school preparation, to reduce class size, to add sections, to improve instruction in large classes, to improve recruiting and advising, to increase retention and graduation rates, to reorganize undergraduate liberal education, to make better use of technology, to provide training opportunities for teachers.

We started years ago with comprehensive studies of the problems, obstacles, and disincentives to quality teaching. We found out what was broken and set about the long-term process of fixing what we could. Those efforts continue, now supplemented with an expanding training program that includes:

- training for teaching assistants, generally, as well as teaching assistants with communication problems;
- the Bush Faculty Development Program, which involves, each year, 50 probationary faculty with 10 senior faculty recognized for teaching effectiveness;

- workshops for women faculty on documentation of teaching effectiveness for the promotion, tenure, and salary processes; and
- training programs for academic administrators, especially new department heads.

More is in the works, including:

- the development of a foundation proposal that would institute a program for all Ph.D. students to receive some formal preparation for teaching, as well as supervised teaching experience on campus or off;
- development of advisory and training resources for all types of faculty interested in teaching improvements; and
- a comprehensive teaching evaluation program, based on the nearly completed report of a year-long effort of the University Senate Committee on Educational Policy.

As of the spring of 1992, I cannot report to the Board of Regents, to the public, or—most important—to our students that the quality of teaching at the University of Minnesota has improved by X%. Quite possibly, I never will be able to report that broad an institutional measure.

We can report, as we have and will continue to report, on measures of progress in reducing the obstacles. We can keep working on the training and professional development programs—key processes toward improvement. And, we can continue to refine our teaching evaluation systems. These efforts simply must be intensified as we move, next month, into the next round of strategic issues discussions and planning.

• The Final Four •

While the Final Four involved only about 1/20th the number of student participants as the research conference, it's only fair to recognize that it featured about 60 very impressive student-athletes. It also featured Minnesota, the Twin Cities, and the University of Minnesota as very impressive hosts. Like the 1991 International Special Olympics, the University staff and volunteers working with the Final Four are far too numerous to list, but I must pay tribute to Bob Vecchione, Jr. from the Men's Intercollegiate Athletics Department, who served as the University's principal coordinator, linking our athletics staff, the Department of University Relations, and hundreds of University volunteers to the local organizing committee, the NCAA, and the not-so-small army of media. Every comment that I have heard or read has been very positive.

• Athletic Facilities Groundbreaking •

We have another important athletic event right after today's meeting, the groundbreaking ceremony for On-Campus Sports Facilities—the remodeling of Williams Arena, the conversion of the current Mariucci Arena into a sports pavilion for Women's Intercollegiate Athletics, and the construction of a new Mariucci Arena for hockey—all to be accomplished without state tax dollars.

We will be joined by the volunteer leaders of the private fund-raising campaign, Ms. Kathleen Ridder and Mr. Stanley Hubbard, who have both given major gifts, and other major donors. Mr. Norman Green, owner of the Minnesota North Stars, will formally announce his \$ 1 million pledge, which will be paid from net proceeds of five Gopher hockey games to be played at the Met Center over the next five years, plus annual fund-raising events that Mr. Green will also sponsor.

• Philosophy, Mission, and Operating Principles Statements on Men's Intercollegiate Athletics, Twin Cities Campus •

The importance of new and remodeled sports facilities to our efforts to keep athletic events on campus, as well as the conditions under which we might hold such events off-campus, are both included in the package of new "Philosophy, Mission, and Operating Principles Statements" that were presented to you for information this month and action in May. Having good facilities is essential to staying on campus, and playing one hockey game each year at the Met Center surely meets the exception definition, "occasional events designed to take advantage of special opportunities!"

These three statements were drafted by the Assembly Committee on Intercollegiate Athletics, with participation of the Men's and Women's Intercollegiate Athletics Departments and central administration. The primary goals were:

- to revise the mission and principles statement adopted by the ACIA and approved by the Board of Regents in 1986;
- to incorporate many of the positions expressed by subsequent review bodies; and
- to reflect the Knight Commission Report and incorporate its basic principles.

• Intercollegiate Athletics: Core Sports and Gender Equity •

At next month's Big Ten Conference meeting, the "Joint Group" of faculty representatives, athletic directors, and women's athletics

administrators will be considering a proposed legislative package that includes the designation of core sports that would have to be offered as a condition of Conference membership, and a two-phase, ten year effort to achieve gender equity in athletic programs. These proposals were sent to the Conference members last month, so that the programs and faculty committees could discuss each institution's position for consideration at the May meeting. Those discussions are underway here, but since the proposals have already received local media attention, I think it's appropriate to express my own views now.

Intercollegiate athletics has a fine tradition at the University of Minnesota. Intercollegiate athletics gives young men and women an opportunity to develop their athletic skills, to learn to work together as a team, to act within established rules and standards, and to savor the joys of victory and deal with the agony of defeat. When properly conducted, these athletic activities serve an important function in the educational process at the University for some of our students and serve to build a sense of community, both within the University and between the University and the citizens of the state. Intercollegiate athletics is also one of the links that ties us to the other Big Ten and WCHA universities, although in recent years the academic links have also become stronger. We are also linked to the national community of universities through intercollegiate athletics, a linkage whose most recent benefit to Minnesota was the Final Four Championship.

For all these reasons, it has been firmly established for many years that the University of Minnesota, Twin Cities, must maintain strong athletic programs for men and women at the Division I level. This is to be done in a setting that provides a good education for athletes as well as non-athletes, in ways that ensure full compliance with all rules and regulations that govern the conduct of intercollegiate athletics, and in ways that help field competitive teams within the context of the Big Ten Conference, the WCHA, and nationally. On that basis, the University is committed to maintaining strong Division I programs.

The University is also committed to maintaining equal opportunities for men and women in intercollegiate athletics as in other pursuits. Over the past few years, the University has built one of the strongest programs for women's intercollegiate athletics in the country. We now offer competition—as well as competitive funding—in nine sports. We are systematically working toward enhancing the opportunities for women, since differences still exist between the opportunities offered to men and women in terms of the number of participants. The University of Minnesota joins with the Big Ten Conference and the NCAA in pursuing an aggressive agenda for the further improvement of opportunities for women.

Funding for men's and women's intercollegiate athletics comes from three sources: a state special appropriation for women's intercollegiate athletics, revenues generated by athletic events, and private fund raising. Some funding from internal University resources has also, on occasion, been provided, and some indirect support is provided through the maintenance of

certain facilities that serve both intercollegiate athletics and recreational sports. This pattern is not likely to change. It is very unlikely that additional state support for intercollegiate athletics could be garnered, or would be appropriate at this time, given the severe cuts in academic programs that have been imposed by the state in order to solve the state's financial crisis. This means that we have to look to cost containment that does not limit participation, and to resources generated from athletic events and from private fund raising as the sources for maintenance and expansion of athletic opportunities.

It is very important that we all understand the choices that we face. To that end, let me briefly summarize what those choices are:

1. We can attempt to increase the revenues generated by athletic events, especially the three revenue sports of football, basketball, and hockey, and by private fund raising.
2. We can attempt to contain costs without limiting participation.
3. We can eliminate sports.
4. We can use University resources to subsidize intercollegiate athletics, for example, through tuition or fee increases.
5. We can go to the state and ask for state funding.

As I've indicated, our strategy is based on pursuing the first two options. As we go along, we have to assess whether we are moving firmly enough toward equality of opportunity and financial solvency to stay with those options.

A plan will be submitted to the Board within the next six months, concerning what it will take to achieve our goals.

One option that I consider out of the question is abandoning participation in Division I athletics. Such participation is firmly rooted in the history and traditions of this University, and it's one of our links with some of the most outstanding universities in this country, especially the Big Ten universities. We must not abandon that tradition and those important linkages.

• ROTC •

At next month's meeting of the Board, I will present a draft resolution on the continuing effort to resolve the policy conflict between the U. S. Department of Defense and those of the University of Minnesota and other educational institutions of the matter of sexual preference discrimination in R.O.T.C. programs.

To bring the Board up to date on recent developments:

National

- The National Association of State Universities and Land Grant Colleges has taken an official policy position that it will seek to change the Defense Department's policy excluding persons from military service and, consequently, from R.O.T.C. programs, on the basis of sexual orientation. This official policy position has been communicated to Christopher Jehn, Assistant Secretary for Personnel in the Defense Department, to urge a change in DoD policy.
- NASULGC is also actively exploring the possibility of litigation with the DoD on the narrow issue of the legality of the exclusion of an otherwise qualified student from an approved university R.O.T.C. course on the basis of the student's sexual orientation. An *ad hoc* working group to pursue this is headed by Robert O'Neill, former President of the University of Virginia and currently General Counsel to the American Association of University Professors and Director of the Jefferson Center for the Protection of Free Expression.

Big Ten Conference

- I am chairing a three-member committee of Big Ten presidents and chancellors, established to seek these changes in DoD policy. Other members are Morton Weir, Chancellor of the University of Illinois, and Donna Shalala, Chancellor of the University of Wisconsin. We have met with Assistant Secretary Jehn, and further contacts are being planned.
- Our committee has also formed a working group consisting of the chief legal officers of each university, along with other staff members. University of Minnesota members are Dean Robert Stein (to be succeeded by General Counsel Mark Rotenberg), Patricia Mullen, Director of our Office of Equal Opportunity and Affirmative Action, and James Borgestad, Assistant to the President. This working group will meet in the next few weeks to identify the agenda for our continued efforts to seek change by the Defense Department.

• Steam Service Contract •

I have been pleased that the University's consideration of the steam service vendor contracts encouraged extensive public debate and comment from all components of the the community. This debate has not only been welcome, but necessary on an issue of this importance. The public process also reinforced our initial conclusion that the contracts of Arkla and Foster Wheeler satisfactorily met our criteria and were essentially equal under all quantifiable measures.

The Regents requested that there be no assignment of weights to particular criteria, since each Regent may view and weight the criteria differently. Therefore, with the two contracts equal on an unweighted basis, the Regents were faced with a decision based not on quantitative measures, but on qualitative factors and values. The discussion at the April meeting demonstrated the deep engagement of all the Regents in the basic issues involved in this most difficult decision.

• Legislative Developments •

Please note April 16 update, page 10

I will conclude this month's report with a brief, general comment on developments in the 1992 legislative session, mindful that we are approaching the final stages when details can change rapidly.

We're very pleased that the House and Senate capital bonding bills, now in Conference Committee, are both strongly supportive of the University.

- The House bill provides \$60,700,000 for University capital improvements:

\$51,800,000 for the Basic Sciences Building
 \$8,000,000 for life and health safety improvements
 \$900,000 for planning the Morris campus Science Center, Phase IV.

- The Senate bill provides \$63,900,000:

\$52,700,000 for the Basic Sciences Building
 \$11,200,000 for life and health safety improvements.

The House and Senate budget reduction bills are also in Conference Committee. The "good news, bad news" line is much over-used, but it's a reality that can't be avoided this session. There is, quite simply, a measure of both.

The good news is that both the House and the Senate have approved substantially smaller budget cuts for higher education than were proposed in the Supplemental Budget. For the University of Minnesota, the Supplemental Budget proposed a cut of \$25,228,000 in next year's budget, fiscal year 1993.

The House budget bill now reduces the cut to \$17,532,000.
 The Senate budget bill now reduces the cut to \$15,879,000.

In other words, we would be better off by \$7,696,000 to \$9,349,000, but the bad news remains that we still face budget cuts of \$15,879,000 to \$17,532,000.

Cuts of those magnitudes are serious, damaging cuts. They will hurt people employed by the University. They will hurt programs and the people

who are served by those programs. They will hurt the University and place more obstacles onto the course of quality improvement that we are trying to negotiate.

Reducing the budget cuts is a genuine show of support for the University and for higher education. We have friends in the legislature, and we owe them much gratitude for their efforts to reduce these cuts. There were plenty of other state-funded activities that had good cases for smaller cuts, plenty of tough choices that legislators have had to make.

Even as I express our appreciation for the support higher education has received, I must make it clear that the end result will still mean serious and controversial program reductions, personnel layoffs, and terminations in the University. That much is certain and unavoidable.

Whatever results finally emerge in the budget reduction bill, our efforts will be based on these principles:

- We are well underway and will stay on course with the Restructuring and Reallocation Plan and its \$60 million goal.
- We will not further increase tuition for this biennium beyond the 9% and targeted increases for 1992-93.
- We will go forward with the establishment, through reallocation, of the 5% salary pool for 1992-93 for essential salary increases.

1992 Legislative Session Update

4/17/92

Conference Committee Bill - Budget Reductions for FY 1993

The bill specifies a University of Minnesota budget reduction of **\$15,713,000** for the second year of this biennium, fiscal year 1993.

[Approved by both House and Senate on Wednesday, April 15]

Conference Committee Bill - Bonding for Capital Improvements

For the University of Minnesota, the bill includes:

\$52,700,000 for the Basic Sciences Building

\$9,200,000 for Health and Safety renovation projects

[Approved by both House and Senate on Thursday, April 16]

MBG
8/1/92

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
May 8, 1992**

Mr. Chairman, Ladies and Gentlemen of the Board, the budget principles and the strategic planning issues presented this morning are critically important matters concerning the short-term and long-term directions and health of the University. All of us around this table are faced, as is often the case, with the difficult challenges of making and explaining extraordinarily complex decisions.

As Regents and administrators of the University of Minnesota, we govern and manage a diverse, complex institution. This university's programs are as comprehensive as almost any university's—more comprehensive than most. The sources of funds that we must depend upon are all complex in their own right—even more so when we must integrate them into our all-funds budget and long-range planning.

As Regents and administrators, we are also representatives of the public and employees accountable to the public. In these roles, we share the special challenges of explaining complex decisions to audiences who expect everything from great detail to the briefest possible summary—from how and why we built the clock to what time it is. And, at both ends of that spectrum and anywhere in between, we want to add—as we should—why this clock is so important to the state of Minnesota and what a good investment it is to the state.

When it comes to communicating about budget matters, it has been our experience that discussions of the general principles underlying our budget decisions can contribute to better understanding, both within the University community and in the general public.

• Budget Principles •

Our work on the budget for fiscal year 1993, which begins July 1, 1992, followed five basic principles that were approved by the Board last December:

1. The University will fully honor all of its contractual commitments and provide career transition assistance and fair severance payments to all employees whose positions are eliminated.
2. The basis for establishing general and targeted tuition increases approved earlier has not changed.
3. We were not able to provide salary increases or inflation adjustments to supply budgets this year, but we will provide 5% increases for both next

year, even though we were not appropriated any state funds for these purposes.

4. The programmatic reductions and transfers of some activities to other funding sources that were approved by the Board in December, 1991, will be accomplished by June 30, 1992.
5. The Restructuring and Reallocation Plan will be implemented as planned for FY 1993, the second year of the five-year plan.

What has changed since these principles were adopted, is that the University's state appropriation for next year has been reduced an additional \$15.7 million.

Around this table, everyone is fully aware of the 1991 legislative session's two-year budget cuts and the 1992 legislative session's further budget cuts for the second year of the biennium. However, in my own discussions around the state—and I assume in some of yours—I have found that many people do not understand what has happened to our state-funded budget. For the most part, I chalk that up to biennial *versus* annual budgeting and the general complexity of the process from executive branch budget recommendations to legislative branch appropriations.

Our problem in explaining next year's budget recommendations is that a one-year snapshot, taken out of its longer range context, simply does not explain the situation.

- Before the 1991 legislative session, we were developing the five-year Restructuring and Reallocation Plan. Our goal was the reallocation of some \$60 million dollars within our existing budget; that is roughly 13% of the University's annual state funding.
- The Board of Regents approved the Restructuring and Reallocation Plan in March, 1991. This year, FY 1992, is the first year of that plan, and almost one-third of these reallocations have been accomplished, with another 23% that will be implemented next year. However, it must be recognized that reallocation in the face of even deeper budget cuts poses severe difficulties.
- The University's budget for the current biennium was then cut in the 1991 legislative session, \$15.8 million from this year's budget (FY 92), plus \$11.4 million more from next year's budget (FY 93).

Those cuts have already hurt; more than 750 people have been or will be laid off or terminated by June, 1993, and more than 300 vacant positions have been frozen or eliminated. No salary increases were given this year, and the University itself lost 3.5% in supply budget purchasing power.

- This legislative session, the legislature reduced our appropriation for next year by an additional \$15.7 million.

It could have been worse. At the beginning of the 1992 session, the cut recommended was \$25.2 million.

It is critical to be very clear about this. The legislature helped us by approving a smaller cut than had been proposed. It is still a cut, and \$15.7 million is a serious cut that will hurt; it will eliminate 300 or more additional positions, on top of the 750 already eliminated.

- Next year's budget cut is now \$27.1 million, the equivalent of four Waseca campuses to be cut out of one year's budget.

It will mean additional layoffs or terminations, continuing pressure to freeze or eliminate vacant positions, further programmatic cuts, and continuing pressure on the available dollars that we could otherwise use for productive investments in quality improvement.

One of the points we have tried very hard to emphasize is that we are not increasing tuition further to deal with the \$15.7 million budget cut mandated by the 1992 legislature. Theoretically, we could have. We chose not to, because we had approved a tuition increase for this year, deciding at the same time that a further increase would be imposed in next year's budget. Even so, the quick—and erroneous—summary goes something like this: "the University's budget was cut; tuition is going up; therefore, the University must be dealing with the budget cut by increasing tuition."

We are not. Tuition increases this year and next year have nothing to do with the budget cut from the 1992 session. We are dealing with the most recent budget cut by program reductions—no further tuition increases.

The 1992 session budget cut, plus the new requirements for funding the steam services project, mean that we have to make \$17.5 million in programmatic reductions that were not known when the Board adopted the Budget Principles last December. That leads to three new principles that have been the basis for planning \$17.5 million in additional programmatic reductions, and these have been added to the Budget Principles Resolution for Fiscal Year 1993.

- Protection will be given to colleges where students pay the greatest share of their instructional costs—UMD and the Arts, Sciences, and Engineering colleges on the Twin Cities campus;
- The University will protect four resources that we regard as unique and essential components of the state's infrastructure and the University's land-grant mission—the University Hospital and Clinic, the Minnesota Extension Service, the Agricultural Experiment Stations

at Crookston, Grand Rapids, Lamberton, Morris, and Waseca, and the Minnesota Supercomputer Institute. We have also not reduced the State Special funding for Women's Intercollegiate Athletics.

- All financial aid accounts will be exempted from any reduction.

Unfortunately, the longer range budget context that I mentioned earlier includes both past and future. The future, by all economic projections, promises more financial difficulties in state and University budgeting. Analysts are quite sure the state will face yet another deficit next session. The only argument is how large it will be, and even the most optimistic projection means more and more pressure to cut state spending.

What we do not know is how much value future legislatures will place on the importance of a strong University. Our planning effort recognizes the economic and political pressures that will face state government. We also recognize the importance of the teaching, research, and service work of the University to long range solutions and future economic strength. We will continue to make every effort we can to make it clear that our contributions are worth protecting.

• Strategic Planning •

Even without the possibilities of future budget problems, we face sufficient changes in our environment to warrant new attention to academic and institutional planning. With the very real possibilities of continuing limitations on budget resources, the need for a more comprehensive planning initiative is even more urgent.

I am appending my written remarks on strategic planning to this month's report.

Two campus planning documents have been presented to the Board this month. One is a plan for the University of Minnesota, Crookston, to revise its mission to include selected baccalaureate degree programs and to strengthen its research and service activities. The other is a vision statement for the University of Minnesota, Morris, laying the groundwork for a five-year plan to reaffirm and strengthen its mission as a high quality undergraduate campus.

The Crookston plan is based on the belief that Crookston cannot be maintained as a two-year institution, given the resources and enrollments that can be counted upon, and given the competing two-year programs offered elsewhere (many of which were developed after the Crookston campus had developed two-year programs that worked well).

However, Crookston's faculty and program quality, its physical facilities, and its roles in northwestern Minnesota also combine to make this campus a highly valued University of Minnesota presence in the region. This, plus the

combined possibilities of funding baccalaureate programs primarily through tuition and making fuller use of telecommunications technologies, presents us with a feasible alternative, both educationally and financially.

In encouraging the development of this mission revision for Crookston, and in presenting the proposal to the Board, I am fully aware that a couple of years ago I gave a speech entitled "The Silent Crisis." I talked about Minnesota higher education and the University of Minnesota being spread too thinly, given the resources. I called attention to the large number of public campuses that this state is trying to support. Subsequently, I recommended closing one of our own campuses—and I can assure anyone that it is not a happy experience.

I still believe that there is a strong need for further restructuring of campuses, but restructuring of higher education in Minnesota does not simply mean the University of Minnesota withdrawing from its positions. That cannot possibly be in the best interest of the state. We will continue to restructure within the authority given to the Board of Regents, but we will also maintain and strengthen our essential responsibilities and our essential representation around the state. I am convinced that the Crookston campus's pragmatic plans for a revised mission have earned our most serious consideration. This is a campus to strengthen for the sake of students and for the sake of the University's presence in the region.

• Acts of Intolerance Against Women at UMD •

I know that all members of the Board are extremely concerned about the recent history of intolerance and the alleged hate-crimes against women at UMD. The Board's resolution, approved yesterday in committee, gives a strong message of support to the Duluth community's efforts to combat bigotry and to support the climate of tolerance that ought to mark any university campus. I have appended my own editorial statement, which was printed in the May 3, 1992, Star Tribune, but I do want to add additional comment.

I am well aware that some readers would have preferred me to make a statement that announced a direct action punishing the person or persons responsible. The version I hear basically says, "Why don't you fire somebody?" We certainly will fire anyone convicted of these crimes, and before that, we will carefully review the results of the criminal investigation and give immediate attention to administrative actions we may take, independent of the criminal prosecution process.

It's also frustrating to see the effects that earlier intolerant behavior has had on current and former UMD employees. In hindsight, it is clear that there is considerable dissatisfaction with the circumstances that developed—and were allowed to develop—in the Industrial Engineering Department at UMD, as well as with the decisions made in response to incidents of intolerance and harassment. We can and must learn from this history.

• ROTC •

This month's resolution by the Board is Appendix #3 to this report. The resolution speaks for itself, but I must add my assurance that I recognize and share the frustration of the University Senate and the Board of Regents. The language of your 1990 and 1992 resolution may have many similarities, but I know there is increased impatience for results. You have my assurance that I will act accordingly as I continue to push for national policy changes.

• Annual Meeting, Minnesota Alumni Association •

Garrison Keillor was the featured speaker of this year's Annual Meeting of the Minnesota Alumni Association. I can report that we were so thrilled with his remarks about the importance of the University that we almost told him so. Actually, we did, presenting Mr. Keillor with the University of Minnesota's Outstanding Achievement Award, the highest award that the University bestows upon alumni.

Alumni Service Awards were also presented to Ms. Sue Bennett (CLA, 1967), for her leadership in the restructuring of the Minnesota Alumni Association and her service as national president for 1990-91, and to Ms. Emily Anne Staples (CLA, 1950) for twenty years of voluntary service to the University, the College of Liberal Arts, the University of Minnesota Foundation, and the Minnesota Alumni Association.

The annual meeting also featured the passing of the gavel from 1991-92 national president John French to 1992-93 national president Michael W. Unger. In his final remarks as president, John French gave an extraordinarily moving account of his own and his daughter's personal experiences as cancer patients treated successfully by the University of Minnesota Hospital and Clinic.

• Institute of Technology Week •

This year's "I. T. Week" celebrated the 101st anniversary of the oldest currently operating technology firm started by I.T. alumni, Dresser-Rand Electric Machinery Company. Yesterday's day-long "Enterprise Forum" was attended by 650 people and featured some 20 sessions in five areas of technology entrepreneurship, with panels including 68 I.T. alumni who have been founders and executives of companies. The luncheon speaker was **Dr. Joseph M. Juran** (Electrical Engineering, 1924), founder of the Juran Institute and international leader in quality management. Last night, at the "I.T. 101 Reception and Banquet," Dr. Juran was presented with the Honorary Doctor of Science degree, and 50 of I.T.'s company founders and corporate leaders were presented with "101 Awards." University of Minnesota Outstanding Achievement Awards were presented to three distinguished alumni:

Dr. Robert Berg, Michael T. Halbouty Chair in Geology,
Texas A&M University

Mr. Robert Gunn, Chair of the Board, Gunn Oil Co., President of
Gunn Operating Co., and owner of Gunn Management Co.,
Wichita Falls, Texas

Mr. Joseph Kellogg, founder of the Kellogg Corporation,
Littleton, Colorado

Today's activities include the "Quality Conference," featuring eight sessions and a keynote speech by Mr. Earl Bakken (Electrical Engineering, 1948), founder of Medtronic, Inc., and this evening's Science and Technology Day Banquet, with a keynote speech by Dr. Juran.

A particularly noteworthy I. T. report was also released this week, a second edition of the study on companies started by I. T. alumni. This edition adds to the list of companies reported to the Board last September.

- I. T. has now identified **545 existing companies started by I. T. alumni, 304 of them located in Minnesota.**
- **Half of the firms identified in this study were started within the last 14 years.**
- Companies founded by I. T. alumni have **\$14 billion in worldwide sales, \$ 9 billion in sales in Minnesota.**
- **These companies have created 124,000 jobs worldwide, 55,000 in Minnesota.**
- Applying a conservative estimate that at least one new job is created in the service sector for every two jobs in manufacturing, **the total job creation by these companies is 186,000 jobs worldwide, 82,000 in the state of Minnesota.**

Appendices:

- #1 Strategic Planning: Structure, Process, and Issues**
- #2 Editorial statement about acts of intolerance at UMD**
- #3 Board of Regents' May, 1992, Resolution, ROTC Program**

Appendix #1:

STRATEGIC PLANNING: STRUCTURE, PROCESS, AND ISSUES

University planning during the last decade has laid a foundation for the renewal of the institution within the framework of its land-grant mission. Notable are *Commitment to Focus*, *Academic Priorities*, the goals and objectives I outlined for the University in my inaugural address, *The President's Initiative for Excellence in Undergraduate Education*, *Blueprint for Action* and *Strengthening Excellence through Diversity*, and the Task Force on Diversity *Report*. The next steps are the development and implementation of an academic plan that reformulates established and broadly accepted goals and objectives sensitive to new challenges from the University's political, economic, and social environment. I intend to involve a broad and representative spectrum of the University community in the formulation of that plan as well as in ongoing and comprehensive planning that builds upon the academic plan.

I envision an academic plan that is far more comprehensive than earlier plans, an umbrella plan that provides a framework and linkages for a series of subplans that might include a facilities/equipment/libraries plan (including renovation and new science and technology facilities), enrollment management plan, financial plan (including examination of costs and productivity, fund raising, resource allocation/retrenchment), technology plan in support of communications, networking for administration and academic programs, and a human resources and development plan. What we strive for is an integrated and clearly articulated vision for the University and accompanying strategies for its attainment that will carry us through the remainder of the century.

THE STRUCTURE OF THE PLANNING EFFORT

The structure should be as simple as possible. Planning should be an ongoing and integral responsibility of the line officers rather than the activity of an ad hoc group that operates apart from the line officers. The line officers should have sufficient staff assistance to carry on their planning responsibilities. And they should involve consultative groups and focus groups.

Establishment of a Planning Council. I am considering the possibility that I would chair such a council, consisting of the vice presidents, chancellors, selected deans, and the chief staff people working on the planning effort.

Establishment of a planning staff who would work under the direction of the Senior Vice President for Academic Affairs as the Chief Planning Officer.

THE PROCESS OF PLANNING

The process would consist of the identification of strategic questions, the preparation of campus, college, and "sector," and other plans in response to the strategic questions, consultation with various established groups, and with focus groups internal and external to the University, and a series of presentations to the Board of Regents. A clear time frame will be established for the completion of the plan. Elements would include:

- Appointment of Planning Council and designation of Planning Staff;

- Establishment of overall schedule for planning process/planning cycle including schedule for consultation with the University and external constituencies;

Presentation of a draft statement on strategic questions to Board of Regents;

Presentation of reports/updates, strategic issues for Crookston, Duluth, Morris, Rochester, and the Twin Cities;

Presentation of the academic plan.

STRATEGIC ISSUES

Included here are examples of issues that I see as having a major impact on the University's future direction and ability to serve its teaching, research and service mission.

1. A rapidly changing resource base for higher education.

Direct state and federal subsidies for higher education have eroded. The University is increasingly dependent on tuition, sponsored research, international contracting, private gifts and endowments, and sales and services. It is critical that we rethink mission differentiation and market share in this environment. The "silent crisis" is increasingly less silent.

2. Changing demographics and especially, an increasingly diverse society.

Key issues here are support for public four-year education in the metro area and Crookston and our commitment to provide access to higher education for an increasingly diverse population.

3. The growing importance of partnerships among education, industry, and government in support of economic development.

The University will continue to be a major investor in and contributor to basic research.

4. A rapidly changing economy with new needs for trained manpower and requiring modification of educational delivery systems and continuing education.

Key issues here are the role of the University in Rochester and our investment in practitioner-oriented degree programs.

5. A global economy and society -- a world University.

The University must focus its attention on international issues of concern to the state: environment, food and nutrition, population studies, sustainable agriculture, etc. It must foster an awareness of global diversity -- to help us interact with the peoples of the world. The University must help the state remain competitive in an international market -- to provide knowledge about the world and to bring world resources to its teaching, research, and service missions. The state and University must reaffirm its commitment to the alleviation of poverty, hunger, and disease nationally and internationally -- its service to the world. The University will continue to educate people from all over the world.

6. The demand for institution effectiveness, outcomes, and quality.

A changing resource base necessitates increasing cost effectiveness, an ability to demonstrate to the citizens of the state and our students the value they receive for their investment of time and money in the form of education outcomes and quality instruction, research, and service. At issue here is:

- (1) Internal effectiveness of the University. How can we, the University of Minnesota, provide more for the resources invested?
- (2) The effectiveness of higher education in Minnesota as a whole. How can we, the University of Minnesota, work with the public and private institutions in the state to provide more for the resources invested?
- (3) The effectiveness of higher education in the North Central region. How can we, the University of Minnesota, work with institutions in Wisconsin, Iowa, and the Dakotas to provide more for the resources invested?

7. An increasingly capital intensive system of higher education requiring massive investment in research and instructional equipment, information technology, and telecommunications.

This has major implication for how the state invests its funds. I believe that there can be only one research university in the state. The magnitude of anticipated costs mandates regional cooperation. A further complication here is decades of neglect of the institution's infrastructure and facilities that are inadequate for the disabled.

8. An increasing rich but complex university constituency; the image of the University.

Activities of the University increasingly affect in more and more ways the daily lives of all citizens of the state. The University must have the capacity to listen to and respond effectively and responsibly to its many constituencies.

9. People are our most important resource.

A major challenge of the 1990s will be our ability to recruit and retain faculty and staff; and to recruit, retain, and graduate students in numbers and fields needed for our workforce.

Appendix #2:

"I'm betting on UMD to emerge with greater tolerance" Star Tribune, Sunday, May 3, 1992

The Star Tribune's news story by Larry Oakes and column by Doug Grow have brought public attention to another outbreak of intolerance toward women and minorities. Worse than intolerance, this outbreak includes criminal acts. Worse yet, from my point of view, it includes both intolerance and criminal acts occurring on the campus of the University of Minnesota, Duluth.

I know from much personal experience that the UMD campus is a far more tolerant and progressive institution than people may think after reading the recent news and commentary. I know full well that Chancellor Lawrence Ianni's administration and UMD's faculty, staff and students are committed to the ideals of tolerance and respect for individual dignity and differences. Knowing all of that, it's still not easy to reassure readers that UMD remains the tolerant and progressive institution that it ought to be, that it really is, and that it will continue to be.

Right now, in spite of the ugly news, I do offer that reassurance. In fact, because of the ugly news, I'm betting on the UMD campus to emerge from this outbreak with greater tolerance, strengthened by having to deal with a real-life case of intolerance that has been taken down to the criminal level. Something that "can't happen here" has happened here. Uncomfortable as it is to acknowledge, "here" includes the Duluth Campus, the Twin Cities Campus, and altogether too many other schools, colleges and universities elsewhere.

The truly frightening and frustrating reality is that intolerance is so obviously a global epidemic. Almost every day's news is bloated with the "-ism" conflicts—nationalism, racism, sexism, tribalism, to name a few—and a seemingly endless litany of other forms of religious, ethnic, class and political conflicts. We're told that economic recessions fuel these conflicts. That's doubtlessly true, as far as it goes, but that's not far enough.

If we have learned nothing else from watching intolerance erupt in central and eastern Europe, we've learned that even the most totalitarian administration cannot eliminate age-old bigotry by dictate. For decades, their political, religious and ethnic conflicts were merely stifled, forced underground by dictatorial control. It's distressingly clear today that our own culture suffers from our own forms of intolerance that have been barely beneath the surface, just waiting to be fueled.

I am especially disappointed and angered that such conflicts have been fueled from within the academic community. Academic freedom means far more than protecting controversial, even outrageous personal views. It means valuing diverse points of view—diverse ways of thinking and solving problems. That has always been the strength of higher education, and it has always flourished best when academic communities accept their fundamental

responsibilities to respect and guarantee the rights, dignity and security of individuals.

It is perfectly clear from the record that UMD has experienced controversy over the last several years, ranging from professional dissent to unprofessional behavior—and most recently to hate-crimes against women. Even in hindsight, it is not perfectly clear that other intervention steps would have solved the deep-seated problems of bias. This can and will be debated.

What cannot be debated is that harassment and hate-crimes have been committed and that the UMD administration is taking careful steps to serve the processes of criminal investigation and prosecution. That means, among other things, avoiding comments or actions out of either sheer frustration or pressure for symbolic gestures.

Because criminal threats have been made, Chancellor Ianni and I share the belief that our first priorities must be the criminal investigation and protecting the security of faculty, staff and students. Promoting tolerance through educational programs is a longer range effort, one that is certainly in progress at UMD, and one that certainly must be energized as all of us, individually and collectively, learn from unhappy experience where intolerance can lead.

Throughout the University of Minnesota, like most schools at all levels, the goals of tolerance and respect for diversity are being addressed far more actively than ever before. These much-discussed goals and values have been backed up with carefully developed and well-publicized policies to deal with sexual harassment, sexual violence and other acts of bigotry, while also protecting academic freedom, free speech and due process. Two years ago, I appointed a Task Force on Sexual Violence and Campus Security, co-chaired by Joanne Smith, Chief Judge of the Ramsey County District Court, and Tom Johnson, former Hennepin county Attorney, and we have implemented their comprehensive recommendations.

The best policies of institutions can never hope to prevent intolerance, whether in the form of insensitive and inappropriate remarks or unlawful acts. We can, however, help individuals to understand the importance of their own, personal responsibilities—and the consequences of inappropriate behavior.

As a land-grant university, we have special strengths, conducting research on a broad array of the social issues that must be better understood and providing an equally broad array of learning opportunities that promote understanding. On May 27, our second annual Diversity Forum, organized by former Regent Josie Johnson, will concentrate attention on the great variety of educational efforts that are in progress throughout the University community.

President Nils Hasselmo
University of Minnesota



**BOARD OF REGENTS' RESOLUTION
RESERVE OFFICER TRAINING CORPS (ROTC) PROGRAM
MAY 1992**

WHEREAS, in May 1990, the Board of Regents of the University of Minnesota adopted a resolution, affirming its commitment to equal opportunity and affirmative action and endorsing the importance of the University's Reserve Officer Training Corps (ROTC) program; and

WHEREAS, in adopting that resolution, the Regents recognized a conflict between the policies of the U.S. Department of Defense and those of the University on the matter of sexual orientation discrimination within ROTC; and

WHEREAS, pursuant to that resolution, the Regents directed the University's administration to "place the matter on the national agendas of appropriate educational associations and the Minnesota congressional delegation" and "to report back on its efforts"; and

WHEREAS, pursuant to that resolution, the University President solicited the support of the state's congressional delegation, engaged the leadership of the Big Ten Presidents, the National Association of State Universities and Land-Grant Colleges, the Association of American Universities, and other educational organizations, and provided periodic updates thereupon to the Board; and

WHEREAS, pursuant to that resolution, the University President conferred with Department of Defense representatives, proposed policy alternatives, and facilitated an on-going dialogue among federal military and higher educational officials.

NOW, THEREFORE, LET IT BE RESOLVED THAT:

The Board of Regents of the University of Minnesota reaffirms its May 10, 1990 resolution, and its commitment to equal opportunity, to affirmative action, to the importance of the University's ROTC program, and to changing the U.S. Department of Defense policies regarding sexual orientation;

The Regents continue to believe that a national effort by universities, higher educational associations, and interested parties is the most appropriate method for resolving the U.S. Department of Defense policy conflict;

The Regents respect, but decline to endorse at this time, the recommendation of the University Senate that a timetable be established at this time for effecting the desired changes;

The Board further directs the President to continue to pursue changes in the Department of Defense policies through administrative and legislative channels and in cooperation with other national higher educational organizations; and

The Board authorizes the President to investigate and, in conjunction with other higher educational associations, to pursue judicial alternatives for affecting change, and to advise the Board thereupon.

MBG
JF??r

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
June 12, 1992**

Mr. Chairman, Ladies and Gentlemen of the Board, I'd like to devote most of this month's report to discussion of the timely and important issues of public-private partnerships, but I'll start with a few brief comments on personnel matters and a brief up-date on the Big Ten Conference gender equity policy.

• Personnel •

This month marks the retirement of my friend and assistant, Dick Caldecott after a 37 year career of distinguished service to the University and the state. For the last seven years, he has been our principal voice in Washington, D. C., but he's really played a two-way role in federal relations, a vigorous voice when we've needed one, but also a valued source of the news that isn't printed and the interpretations of the news that can only come from one who understands the ins and outs of national policy-making.

Dick Caldecott was the founding Dean of our College of Biological Sciences. He went on to serve as Dean for 19 years, and he was the primary University force behind the Freshwater Biological Research Foundation and the creation of the Gray Freshwater Biological Research Institute. I wanted to call particular attention to that effort, as it was another form of public-private partnership, a subject that I'll return to later. I would also point out that Dick served for a year after retiring from the deanship as Consultant to the President for University/Industry Relations. In that role, and as a member of at least four of the key task forces and planning committees, he was one of the major authors of our basic institutional plans.

We owe much to Dick Caldecott, and thank him and wish him well.

This is also the last Regents' meeting for another friend and valued colleague, Vice President Rick Heydinger, who is also another principal author of our academic and institutional plans. Rick joined central administration fifteen years ago, first as Assistant to the Vice President for Academic Affairs, then as Assistant Vice President before he moved into the President's Office as Senior Assistant. He was then appointed Vice President for External Relations in 1988.

I know Rick's constructive role in planning very well. When I held the job of Vice President for Administration and Planning, Rick was my primary liaison to all the planning activities in Academic Affairs, and we worked closely together. Right at that time, he also served as the chief staff member for the Governor's Commission on the Future of Postsecondary Education, chaired

by Elmer Anderson, and brought his remarkable understanding of higher education and his energy to that important task. That connection was important to the cooperative, statewide view of planning that has been basic to our institutional plans all along.

Rick now moves on to tackle important issues in higher education research and policy, his first love. We thank him and wish him well.

This is also the last Regents' meeting for Nick LaFontaine, Associate Vice President for Finance and Operations. This month's Budget Plan document reminds me, personally, how far we've come in the clarity and comprehensiveness of this document.

When I returned to the University in 1989, Nick's "Budget Process Proposal" had just taken shape. It was, to me, an encouraging sign that we could, in fact, provide a more meaningful "All Funds" budget plan. Frankly, I had my doubts that we could overhaul budget planning as quickly as Nick was proposing, but working with Nick dispelled those doubts. Nonetheless, I am still impressed that he was able to accomplish so much, so quickly, and I must thank him wholeheartedly for all the support he has given to me, the cabinet, and the Board, and for all the evenings and weekends he gave up to make sure the budget supported our mission and priorities.

For the record, I am very pleased to announce that I have completed reappointment reviews of both UMD Chancellor Larry Ianni and UMC Chancellor Don Sargeant. On the basis of those reviews, I am happy to reappoint them both, and I have announced this to both campus communities.

These reviews were done with the valuable assistance of review committees chaired by Professor Joseph Gallian of the UMD Department of Mathematics and Statistics and Professor Wendell Johnson of the UMC Arts and Sciences Division. Both committees conducted surveys and data analyses, and I met directly with both review committees to discuss the results and their recommendations.

Finally, before I turn to Big Ten Conference deliberations, where Dean Bob Stein represents us as Faculty Representative for Men's Intercollegiate Athletics, I must express my appreciation for another form of University service that Dean Stein has given. From last September through April, Bob served as Acting General Counsel. It came as no surprise that he was able to step in and serve so effectively, and that's all the more reason for not taking his contributions for granted, all the more reason for publicly acknowledging our gratitude. Bob is a truly outstanding leader in our University, in national and international law school circles, and in our community.

• **Big Ten Conference Gender Equity Action Policy** •

As I mentioned in my report in April, the Big Ten Conference has been taking the initiative to promote equity in participation in men's and women's intercollegiate athletics. On Monday, June 8, the Big Ten Council of Presidents/Chancellors approved unanimously a gender equity commitment and an action policy. The key sentence is this:

Each member institution is to attain a male/female participation level of 60%/40% prior to the end of the five-year period ending June 30, 1997 through the implementation of positively directed, good faith efforts to promote female student-athletics.

We have committed ourselves to submit each of our universities' written plans to the Council of Presidents/Chancellors no later than June 30, 1993, and to submit annual reports, beginning in June, 1994. As directed by you, we will submit a plan on gender equity to the Board of Regents by late fall. Our plan under the Big Ten directive will be part of that report.

• **Public-Private Partnerships** •

This is not the first June meeting where public-private partnerships have been discussed by the Board of Regents. The first such discussion was held during a meeting in which Theodore G. Blegen was appointed "Scholar in History" for the handsome sum of \$300 a year, and in which the Board of Regents approved a "Support Fund Budget" of \$1,153,895. And, the Board approved what I believe was its first official policy that dealt with outside affiliations and potential conflict of interest.

That was 78 years ago, June 10, 1914—before any of us was born.

The policy was just a little more than a page long—with ten brief paragraphs—and much of the substance still survives in current policy.

University relationships with industry seem to have been a good deal simpler then. A principal concern, apparently, was performing laboratory tests, and that practice wasn't forbidden—unless the faculty member had failed to notify the Comptroller and collected the appropriate fee. Some things don't change.

Even in those simpler times, policy-makers were grappling with complexities:

*While it is not possible to draw the line definitely between professional service of an expert or consultative character and routine professional work, the University is opposed to the entrance of University men (**some things have changed**) into ordinary competition in the various professional fields.*

Looking back at this policy's history, it's interesting to note that the 1914 version served, with little or no modification, for over 50 years. It wasn't until the 1960s and 70s that university-industry relationships—by then growing more complex—created the need for more detailed policies that could cover the more varied situations.

For public-private partnerships involving the University of Minnesota, policy changes and program planning priorities converged—very much by design—in the early 1980s. The task forces appointed by President Magrath had set the stage, by then, for the much more active University role in improving and promoting our working relationships with industry. That planning recognized that an aggressive outreach effort with industry would have to be accompanied by more definitive and up-to-date policies, which were approved by the Regents in February, 1983.

Since 1983, our working relationships with industry have, indeed, improved and grown. In terms of important long-range priorities in University planning, this whole area is a major success story. We have done what we said we'd do. We have built an even stronger University role in successful economic development for the state. We have fostered mutually beneficial cooperation between the academic and business communities. We have greatly increased industry and other private support, both for sponsored research and for philanthropic support of University priorities. We have dramatically expanded patent and licensing activities. All of these successes are clearly documented.

In our successes pursuing these priorities, there is no evidence that our policies and their enforcement have failed to keep up. Having said that, I would not assert that our policies need no modification whatsoever, that the monitoring of every individual project is perfect, or that our policies are fully implemented in each and every part of the University.

It is clear here—as it is clear in universities throughout the country—that university-industry relationships are growing ever more complicated. Virtually every project has its own uniqueness, and the most advanced projects, by their nature, raise new questions and possibilities. I am quite certain that we must have projects going on in 1992 that were not anticipated even ten years ago. Ten years from now, I am most certain that we will be involved in public-private relationships that we have not even thought about, probably with industries that don't even exist today.

The issue is not whether our university—or any other—will be involved with public-private partnerships. The issue now, as it has been over the past couple of decades, and as it will be well into the future, is how to keep up with these developments in the modification, creation, and enforcement of policies.

What we have seen lately is suspicion that there must be shortcomings, plus allegations of a few specifics. The allegations have not been supported by the internal or external reviews of Dr. Knighton's work, and I have not seen evidence that either our policies or our enforcement have failed.

I certainly do see nuances and new issues that call for continued attention, not the least of which are the distinctions among conflict-of-interest, potential conflict-of-interest, and the appearance of conflict-of-interest. These distinctions, alone, pose a wide range of interpretation and communication problems that we must also continue to address.

As I have said before, this is one important reason why I decided to add the vice presidency for research. We have to keep our own efforts up-to-date, and we have to participate actively in the national forums that will shape the federal legislation and regulation dealing with science and technology policies, industrial and economic policies, and trade policies.

We have been engaged in these discussions for several years, mainly through national organizations such as the Association of American Universities, the National Association of State Universities and Land Grant Colleges, the Council of Graduate Schools, and quite a wide variety of scientific and industrial groups. Through these groups, we take part in shaping research legislation and regulation, we keep up with the continual changes in implementation and interpretation, and we have the valuable opportunity to "talk shop" about our own policies and our experiences with them.

We want to continue that discussion by hosting a special conference this fall, and I would like to turn now to Vice President Anne Petersen for her comments. After that, Vice President Anderson will have some comments on health sciences research, and Associate Vice President Potami will comment on the role of the Office of Research and Technology Transfer Administration.

Appendices:

Statement of Anne Petersen, Vice President for Research and Dean of the Graduate School

Statement of Robert Anderson, Vice President for Health Sciences

Statement of Tony Potami, Associate Vice President, Research and Technology Transfer Administration

'U' ties to industry result in private, public benefits, Guest Editorial by President Nils Hasselmo, Star Tribune, Sunday, June 7, 1992

Statement of Anne Petersen, Vice President for Research and Dean of the Graduate School

The University of Minnesota will sponsor a conference next fall on university-industry collaborations, including both the opportunities and the concerns. An underlying theme is the importance of maintaining clarity about the unique missions of both universities and industry while pursuing collaborations. Conflict of interest will be a major topic.

The conference will draw on international models. It will not, however, focus on collaborations between U.S. universities and non-U.S. companies. Several national organizations have interests in these topics; we will draw upon their expertise. For example, the Government-Industry-University Roundtable of the National Academy of Sciences is about to release a background paper on conflict of interest. Other organizations interested in these issues include CORETECH (a coalition focused on university-industry collaborations), the Industrial Research Institute, the Association of American Universities, the National Association of State Universities and Land Grant Colleges, and the American Association for the Advancement of Science.

The Office of the Vice President for Research will be involved with these issues in an ongoing way.

Statement of Robert Anderson, Vice President for Health Sciences

I'd like to just make a few personal observations. You all received probably more material than you could digest from us about a week ago. That started with Dean David Brown and spending two days—two full days—going through the news article and underlining items that we didn't agree with and documenting the actual information you received in your material.

Toward the end of the second day, Dave Brown said, "There's a wonderful story here." The problem is that that wasn't the story that was selected.

To spend as much time as we have spent on this kind of activity is incredibly frustrating, especially when you realize that our objective was only to get back to where we were the Saturday before the Sunday that the article appeared.

As a pathologist, I have had a long-time interest in discrepancies between premortem and postmortem diagnoses—that is, major discrepancies associated with the loss of life between the diagnosis that was made before the person died, the diagnosis on which the treatment was gauged, and what we found subsequently at autopsy.

If you classify those major life-threatening discrepancies, the vast majority fall into one category; the physician interacts with the patient and decides, probably with good reason, that he or she thinks the patient has X. A lot of additional information then comes in to suggest that it is not X and may even point clearly to Y. But the physician becomes so fixed on X that the other information is neglected.

The reporters had virtually all of the information that we sent you, plus lots of additional information. One hypothesis would be that the decision about the story was made before the information was collected.

You know the old adage about the horse. We tried to lead him to the water. I'm not sure he drank.

Statement of Tony Potami, Associate Vice President, Research and Technology Transfer Administration

I would like to add some comments on this situation from the perspective of the Office of Research and Technology Transfer. We have been closely involved since 1984 in the ongoing discussions involving this research project, the Medical School, and Curative Technologies, Inc. I can therefore assure you that we have spent a great deal of time examining and responding to the potential for conflicts of interest in this situation. All steps called for under the University's policies were taken to ensure that the appearance of a conflict did not interfere with the best interests of the public, of patients, or of the University of Minnesota.

Specifically, I would like to address three misperceptions raised by the Star Tribune article:

First, the article quotes from the University's guidelines on interactions with industry, that, under certain conditions, "it is unreasonable to expect the faculty to exercise the objectivity necessary to the University's public trust." The article asserts that this guideline went unheeded. In fact, the recognition of this potential conflict by all concerned led to taking increasingly stringent steps to protect the public trust, including oversight of Dr. Knighton's research by highly respected physician-scientists such as Dr. Frank Cerra and Dr. John Najarian, review by internal and external committees of researchers, and, by 1989, the removal of Dr. Knighton from direct control over any research involving the testing of Procuren in patients. Dr. Knighton continues to perform basic research on wound healing factors under grants from Curative Technologies and the U. S. Navy, and again, careful review by ORTTA and independent scientists indicates that this research is of high quality and is being conducted in the public's best interest.

Second, the article asserts that my office allowed Curative Technologies to use the University's name in its prospectus to endorse the sale of stock to the public. In fact, the University of Minnesota is named in the prospectus only to identify the location of our Wound Healing Clinic, and to state the affiliations of Dr. Knighton and others involved in the research. We found no endorsement or otherwise improper use of the University's name and reputation, and we therefore took no action.

Third, I would like to comment on the general message conveyed by the article that the University of Minnesota is abandoning its public mission and selling out to industry. That is a very misleading perspective. Involvement with industry is indeed an important part of the University's mission, but it is a small part. University faculty received about \$17 million in funding from industry last year, which was less than 8 per cent of the total funding for research, graduate training, and public service projects. Many benefits result from research collaborations with industry, including increasing the likelihood that our educational and research activities will reflect current societal needs, as well as the introduction of new products and services that benefit the public. There is no doubt that university-industry collaborations pose some of the greatest challenges for those who participate in them and for those of us charged with administering the policies on the potential conflicts of interest that can result. We need to continue our administrative vigilance, while perhaps attempting to clarify the types of situations we will not allow. But to shy away from or actively discourage industry partnerships would be a disservice to our students and faculty, and it would weaken our mission of public service.

'U' ties to industry result in private, public benefits

Guest Editorial by President Nils Hasselmo

Star Tribune, Sunday, June 7, 1992

A healthy working relationship between the University of Minnesota and private industry is vital to all Minnesotans, now more than ever. The issues surrounding these public/private partnerships are on the table. What bothers me is that the issues are being cast in overly simple terms—right/wrong, honest/dishonest, my opinion/your opinion. The *StarTribune's* series title, "Money vs. Mission," is just such an "either/or" simplification. If we insist on such simplistic reasoning and debate, the public interest will not be served.

It is absolutely true that the University of Minnesota encourages ties with industry. That is part of our job, a key part of our impact on Minnesota's economy and quality of life. In 1956, when Earl Bakken, as a young electronics repairman, was commissioned by the University to figure out a way to build a portable battery-powered device to regulate the human heartbeat, he did much more. He also began building a classic example of the public and private good that can grow out of public/private partnerships. That young repairman went on to become a millionaire by founding Medtronic, Inc. Today, his company employs more than 8,200 people and has annual sales exceeding \$1 billion. With the pacemaker he developed, the University has saved thousands of lives. And, to come full circle, both Medtronic, Inc. and Earl Bakken have further shared their success by contributing money that allows the University to renew the cycle by encouraging research and new inventions that save lives, create jobs, and, yes, make money.

Home to 300 medical companies and a \$7 billion health care industry, Minnesota has the responsibility to encourage productive ties with the health care industry. The University makes no apology for affiliation with businesses. In fact, as a "land-grant" university, we are committed, not just to performing groundbreaking research, but to delivering the fruits of that research, as we have in so many ways, with taconite, new crops and livestock varieties, electronic devices, the "black box" flight recorder, automobile seat belts, even humane dog collars. Our researchers have been responsible for an improved heart-lung machine that made open-heart surgery practical. They discovered the drug that regulates heart rhythm and saved the life of Dwight Eisenhower. And they invented the world's first implantable pump, which frees people from the need for intravenous hookups or drug injections. Thanks to University of Minnesota researchers and inventors, we have become one of the nation's leading universities in terms of patents. We receive \$17 million a year from industry for research projects. The benefits of our research have been both humanely and economically rewarding. We think that's good news.

All of this, however, does not mean that we have been naive. Universities all over the country, including the University of Minnesota, have been keenly aware of the potential for conflict of interest posed when we accept industry dollars, and we have been aggressive in developing and complying with policies to avoid such conflict. Some schools within the University have adopted guidelines for judging the propriety of personal involvement in industry-sponsored research, especially when the potential for conflict of interest exists.

Many of the industry relationships are new; each is different. The number and variety have grown very fast in just the last few years. We have insisted on zealous compliance with all state and federal regulations and our own University policies. We have strengthened our policy

on academic misconduct, which was approved earlier this spring. We have been aggressive in empowering our Office of Research and Technology Transfer Administration (ORTTA) to oversee, strengthen, and protect the University's role in economic development, including patents and licensing.

Do any of our policies preclude a researcher from making money? They do not. Do they preclude research that is funded by a commercial venture? Again, they do not. Do they insist that researchers have no financial ties whatsoever to the outcomes of their research? No, that is not necessary, when full disclosure is assured and adequate oversight mechanisms are in place. The peer review process must be relied upon to assure the integrity of the science. We do believe that commercial ventures and academic standards can coexist, and that financial gain from sound research is appropriate and justifiable.

It is a certainty that these issues will change and keep on changing. The need for continuous review of research policies and their implementation is, in fact, one of the primary reasons why we decided to add the title and responsibilities of "Vice President for Research" to the job description for the Dean of the Graduate School. Dr. Anne Petersen has been appointed to that dual role, and she is planning a conference for next fall that will bring national leaders here to share and test our models with other universities and industry.

We belong to the Council on Research and Technology (CORETECH), a coalition of U.S. companies, universities, research institutions, and trade associations that was established to serve the national purpose of closer university-industry collaboration in research and development.

We would welcome a thoughtful discussion of the entire issue of industry-university affiliation. A simplistic approach, however, serves neither the University's mission to pursue the truth, the newspaper's responsibility to report the facts, nor the public's right to a full and factual accounting of important and timely issues that have everything to do with Minnesota's future health.

Nils Hasselmo
President

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
July 10, 1992**

Mr. Chairman, Señoras y Señores, it's my pleasure to begin this month's report with another impressive success story about the international connections of the University of Minnesota.

• The Spanish Connection •

As Pat and I visited Spain last week at the invitation of the Fundación Ortega y Gasset, we caught another glimpse of the work of the University and of the amazing global network of which we are a part.

This major Spanish foundation, named after the famous philosopher José Ortega y Gasset (1883-1955) and presided over by his gracious daughter, Soledad Ortega, established a major link with the University of Minnesota in 1983. Over the past several years, through the fine work of the officers of the Fundación and our own faculty member, Professor Antonio Ramos-Gascón, Department of Spanish and Portuguese, in cooperation with our Global Campus program, this collaboration has yielded very impressive results.

- Toledo Program of International Studies

This is an interdisciplinary studies program that has attracted more than 1,200 students since 1983. Some 350 of these students have been from the University of Minnesota, assisted by \$80,000 in scholarships from the Ortega y Gasset Foundation. The rest of the students have come from more than 50 other American universities, but all have enrolled through University of Minnesota Continuing Education and Extension. Courses are offered in Spanish Language and Literature, Political Science, Archaeology, Geography, Philosophy, Sociology, Economic History, and Art History.

- The Quincentennial Program for U.S. Teachers of Spanish and the King Juan Carlos Fellowships

Established in 1988 and co-sponsored by the University of Minnesota, the Ortega y Gasset Foundation, and the Quincentennial Commission in Spain, this program sends up to 300 U.S. teachers of Spanish to Spain each year to enhance their proficiency and familiarize them with contemporary Spanish society. It may well be one of the most ambitious and effective efforts in international education undertaken in the U.S. during the past three years.

I had the pleasure of meeting 200 of those teachers who had just begun their summer course, with a fine contingent from Minnesota, a number of them University of Minnesota graduates. They were very enthusiastic about

this opportunity to develop their language skills – which I set back, although I hope not irreparably, by trying to give part of my speech to them in Spanish – and this opportunity to learn about contemporary Spain, a Spain with a rich historical past, a Spain in vigorous pursuit of a better economic future for its citizens as part of the European Community, a Spain that has made an amazingly quick recovery into democracy after the decades of dictatorship under Franco.

- The Program for Cultural Cooperation Between Spain and the United States

This is a nationwide program, housed at the University of Minnesota and directed by Professor Ramos-Gascón. Its purpose is to support teaching, research, and publications related to Hispanism within the humanities and social sciences. Since 1985, the program has disbursed \$2.2 million in external funds to university presses, research and curriculum development projects, and symposia and visiting professors. 200 books dealing with Spanish subjects have been published, dramatically changing the map of Hispanic studies throughout the American academic community.

- University of Minnesota/Ortega y Gasset Foundation collaborative fundraising from Spanish sources for joint scholarly projects

Through this effort, so far, Spanish funding has been provided for four collaborative projects:

"Problems of Modernization: Culture, Society, and Government," involving faculty from Economics, Comparative Literature, Political Science, Spanish and Portuguese, Sociology, and the former Center for Humanistic Studies.

"The Teaching of Spanish as a Second Language," involving Spanish and Portuguese, Linguistics, and the College of Education.

"Public Health and Resource Allocation Mechanisms," Department of Economics.

Hispanic Issues, a book series published by the University of Minnesota Press; eight volumes have been published, two are awaiting publication, and several more are in preparation.

We will now explore further opportunities for collaboration with our important contacts in Spain, collaboration that links us with a rich and fascinating culture, with an important member of the European Community, and through the Spanish language with the entire Spanish-speaking world.

The world's fair in Seville, Expo '92 – which Pat and I visited – the Olympics – which we did not visit – and the Quincentennial Program are very visible manifestations of the vigor of this nation. Another is the construction that is in evidence everywhere – skylines lined with construction cranes –

including a brand new university in the outskirts of Madrid, Universidad Carlos III – named after a Spanish king from the era of the Enlightenment in the 18th century. (Pat and I, with Soledad Ortega, had the pleasure of meeting the present King of Spain, Juan Carlos, a monarch who has gained wide recognition for his strong stand for democracy in connection with the attempted coup in 1981.) A visit to El Prado, one of the world's truly outstanding art museums, reminds you of the rich European cultural tradition of which Spain is a part.

A Minnesota Ph.D. in Economics, Dr. Carlos Escribano Saez, is one of the leaders of the intellectual and physical development of Universidad Carlos III. He is one of a fairly sizable group of Minnesota-educated economists who are quite well known and prominent in Spain – and referred to as "Los Minnesotos!"

The "Spanish Connection" in Economics began over twenty years ago, between Walter Heller and his colleagues in the Department of Economics and Luis Rojos, head of the Bank of Spain, who was particularly active in selecting and encouraging Spanish students in Economics to do graduate work here. I don't have the exact numbers, but I gather that some 40 or 50 of Spain's emerging leaders in this field are Minnesota graduates. As they continue their scholarly collaborations with our faculty members, and as they, in turn, encourage the next generation of aspiring economists, there is every reason to believe that this connection will continue to grow.

• President's Minority Advisory Committees •

At yesterday's meeting, the Board heard the annual reports from the President's Minority Advisory Committees and the campus American Indian Advisory Committees:

- African American Advisory Committee
- Asian American/Pacific Islander Advisory Committee
- Chicano/Latino/Hispanic American Advisory Committee
- All-University American Indian Advisory Committee
- Duluth Campus American Indian Advisory Committee
- Morris Campus American Indian Advisory Committee
- Twin Cities Campus American Indian Advisory Committee.

As was reported, these committees are moving ahead with agendas that facilitate the work of the University to recruit and retain faculty and students of color, and with agendas that address the challenges for improving the climate for all members of the University community.

We were advised to expect formal reports that will include specific recommendations on financial aid for students of color, endorsement of the efforts of the University to recruit and retain administrators of color, and accountability measures to ensure that attention is given to the recommendations already submitted by various committees and task forces.

Senior Vice President Infante, in collaboration with affected units and administrators, has already begun to address some of the issues raised.

I want to express my appreciation again to the leaders of these Advisory Committees, because they have spent endless hours making sure that this system of committees actually works. It's tremendously important that we have that kind of leadership, because diversity is not an add-on somewhere in the University's agenda, but at the very heart of what this University is all about. That's why this kind of constructive leadership is so important; these efforts can be built into the ongoing planning, budgeting, and decision-making processes of the University.

I also want to thank all of these leaders for the way they have represented their communities. They do this in a way that is challenging to us, and I'm all too aware of the very partial responses that we have been able to make to those challenges so far. With the help of this Board, we will continue to try to meet these challenges, because they are truly at the very heart of what we should be as a University, as well as what we should be as a nation.

• Personnel •

The Board of Regents has already honored Bob Dickler for his five years of distinguished service as Director of the University of Minnesota Hospital and Clinic, but I want to add my personal comments from two different perspectives. First, I have spent enough time with presidents of universities that include hospitals to have some sense of the volatility of the environment in which they work, and I have often thought to myself how truly fortunate I've been to have a hospital director in whom I could have absolute confidence. The more important personal perspective comes from being a patient a couple of years ago, seeing at the delivery level how people are treated and, by implication, how well the operation is managed. Certainly, I know the Director is only one factor in all of that, but my own experience tells me that Bob Dickler has been one very important factor, and I'm deeply grateful for that. He will now be taking on new, important responsibilities at the national level, and we and others will continue to benefit from his competence and dedication.

• Strategic Planning •

At last month's meeting, we began discussing the strategic planning process that is being developed this summer. I want to keep you up-to-date on this process, and I want to continue to share some thoughts about institutional change and planning as we move toward launching the new process this fall.

First, I'm pleased to report that Professor Tom Scott, Director of the University's Center for Urban and Regional Affairs and immediate past chair of the Senate Consultative Committee, has agreed to serve half-time this year to help guide the planning effort. His University experience and consultative skills are particularly well-suited to the strategic planning approach we envision.

Second, we have decided that the President's Cabinet—the line officers of the University—will serve as the Planning Council. We want to ensure that the strategic planning effort is fully integrated with the ongoing management and budgeting efforts, at the institutional level—across all the organizational structures—and within the campus, collegiate, and departmental structures that report to the Cabinet officers. As I mentioned last month, this means I will chair the "Planning Council," and Senior Vice President Infante will serve as the "Chief Planning Officer." The entire faculty, staff, and student governance system will be involved in consultation on planning, as will a number of other constituencies such as alumni, the Foundation, and various advisory committees, including the American Indian and Minority Advisory Committees.

As a former "Chief Planning Officer" of the University of Minnesota—my term was 1980-1983—I'd like to make just a few comments on the still-evolving history of the planning enterprise, especially since it pre-dates all members of this Board and all members of my Cabinet.

Since 1975, that history has been shaped by, and recorded in, more than fifty institutional planning documents—not counting the annual budgets, the biennial requests, and the plans of the coordinate campuses and the colleges. I hasten to add that I shall not take you through them, point by point, this morning. I also hasten to add that even the earliest of those documents remain remarkably relevant and important to the planning process that continues to evolve today.

With all due respect to those who may be impatient with the long process of institutional change—I am often one of those, myself—I must assure you that real change in an institution such as ours does take time. The problems that we are trying to solve took even more.

Institutional change that is specifically based on making choices about institution-wide priorities is a relatively recent development.

- The primary institutional changes in the fourth quarter of the 20th century must address the problems and programs that built up over the third quarter, 1950-75, when growth was both the driver and the dominant characteristic of institutional change.
- University and college administrators in the 1950-75 period concentrated their planning efforts on coping with growth, adding people, programs, buildings, and campuses to deal with burgeoning enrollment, and building the academic disciplines and support resources to deal with burgeoning and specializing knowledge.
- Growth in knowledge continues—at a dramatically accelerated pace—while enrollment demand has changed considerably, and growth in financial resources can no longer be assumed.

- By 1975, the endemic problems of overextension and underfunding had undercut the quality and service of many—probably most—University programs.

The first order of business was diagnosis, a comprehensive and highly consultative process of identifying the problems that the University could do something about, followed by the development of initial plans for action. It was in this context that then President Peter Magrath launched the broadly based planning effort on which we are still building.

Most of the plans included more money as a key part of the solutions. While some progress was being made with legislative support for program quality improvements, Governor Rudy Perpich and State Finance Commissioner Gus Donhowe came to campus in 1984 and issued a challenge to "focus" these efforts.

The responses to that challenge came in the form of a highly complex combination of University program changes, an alternative funding agreement with the Legislature, and a very ambitious fund-raising effort, the Minnesota Campaign, launched under the leadership of then President Ken Keller.

Along with the general goal to emphasize quality improvement and the specific programmatic initiatives in teaching, research, and service, it can be argued that the commitment TO focus was a fundamental institutional change. Only a few years earlier, a University promotional campaign carried the message (with belated apologies to the English Department), *"The University of Minnesota...Where it's at...Wherever it's needed."* We've subsequently learned the financial and program quality costs of that impulse, well-intentioned as it may have been.

Fundamental institutional change takes time.

- The University of Minnesota is one of the most comprehensive land-grant universities in the country, serving a wider array of constituencies than most public universities.

It is the only public doctoral institution and the primary professional institution serving the teaching, research, and outreach needs of the entire state.

As a research, land-grant university, it also serves regional, national, and international needs.

Its largest campus is located in the middle of a major metropolitan area, providing the largest share of the Twin Cities area's public baccalaureate education—for an unusually large proportion of commuter students with diverse urban/suburban backgrounds.

- The complexity of external demands is reflected in the range and complexity of internal programs and organizational structures that serve those demands.
- University decision-making is highly decentralized, highly consultative.

The institutional planning activities being initiated in 1992 are intended to update and modify the University's priorities and plans, adapting—as needed—to the changing environment of the 1990's.

- The process will be guided by a "vision statement," a brief expression of our aspirations as a university. Drafts will be presented for consultation in the early fall.
- The planning itself will concentrate on a set of strategic questions, the answers to which will determine the general direction in which we will move, as well as the specific revisions of existing plans.
- The process will be one of evaluation of what we are doing in light of what we must do; it will be a presentation of choices—and of choices that must be made. It will be a honing of the University's profile for the 21st century.
- It is important to emphasize one thing that the new planning effort will not do; strategic planning for the 1990s will not start with a blank piece of paper, throwing out all the plans we've worked so long to develop and put into place—with encouraging, productive, and satisfying results.
- The most important institutional change directions that have evolved since the mid-'70s will continue to evolve throughout the '90s, especially as the University learns what has worked—and what hasn't worked—from well-informed evaluation and measurable results. Where the substance of institutional planning already done "isn't broke, we're not going to fix it."
- The University's external environment is also evolving—changing—and University planning and budgeting must remain capable of anticipating and adapting to new circumstances.
- The key planning document for the Twin Cities campus, *Academic Priorities*, was intended to cover the 1988-1993 period, so it clearly needs to be reviewed for modifications that should be made, for new initiatives that should be developed, and for a new timetable.
- The *Restructuring and Reallocation Plan*, by contrast, is based on a 1991-1996 timetable. Its directions, initiatives, and schedule, adopted by this Board in March, 1991, are not expected to change—unless the 1992 strategic planning and consultation clearly "show cause" for recommending modifications.

• The Academic Year 1991-92 •

For many, the academic year 1991-92 will probably go down in history as a year of budget cuts and tuition increases. It has been that, and the effects in lay-offs and terminations have been severe. But, it has also, I believe, been a year when the University community has demonstrated that it can meet the challenges of change.

I want to thank all members of the University community for the magnificent manner in which you have met these challenges: the faculty; the academic administrative personnel and civil service staff; our unionized employees; the members of my administrative team; and last but not least our students.

And, the agenda of quality improvement is not dead! Even under severe budget cuts, the Restructuring and Reallocation Plan has moved forward, in some respects even ahead of schedule. This is the quality agenda that we will now continue to define and develop in our strategic planning. It's the agenda for the future!

Thank you, finally, to this Board for your challenges, your dedication, and your support during this past year.

¡Hasta la vista!

¡Que tengas suerte!

**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
September 11, 1992**

Mr. Chairman, Ladies and Gentlemen of the Board, this fall's meetings will feature all kinds of written documents trying to describe and explain University plans and planning. With all due respect for the written word, I want to share just a couple of personal experiences I've had since the July meeting to visit programs that illustrate what we're about.

• Mentoring Minnesota's Youth •

Mentoring Minnesota's Youth, a diversity program directed by Assistant Professor Sallye McKee in the College of Education, provides year-long, one-on-one mentor relationships between faculty members and young people. The goal is to increase the likelihood that students will participate meaningfully in postsecondary educational opportunities. My partner in this program is a young man named John Stevenson who attends North High School. I'm officially designated John's mentor, but I prefer "partner," since the mentoring works both ways between us. On our most recent outing, John and I were given a two-hour look at the General Biology program in the College of Biological Sciences, developed by Education Specialist Richard Peifer, Steve Fifield, a graduate student in plant biology and science education, and Timothy Sundell of Advantage Microcomputing.

• General Biology Program •

I had read about this program in the February issue of *Research Review*, and I wanted to see it first-hand. College of Biological Sciences faculty, staff, and graduate students have developed a truly state-of-the-art computerized system for illustrating classroom lectures in two large introductory courses, *General Biology* and *Introductory Biology: An Evolutionary Approach*.

Good teachers have always known and utilized the value of good illustrations to enhance learning. What the General Biology Program has accomplished is the ability to use virtually any form of illustration—drawings, charts, graphs, photographs, diagrams, sound, motion pictures, and computer animations—to supplement and enhance the lecture. I can't capture the results for you in this report; you have to see the system at work to appreciate it.

The heart of the system is not just having access to all the audiovisual technology, but the ability to manipulate it all through a personal computer. That takes computer software, and they couldn't find commercial software that integrates such a wide variety of media for a lecture setting, so they contracted with a private company to develop their own. The new software is called MacPresents, and our Office of Patents and Licensing is working with CBS to develop the commercialization opportunities. With its success in these two courses, the new software is attracting considerable attention, here at the University in other departments, as well as around the country.

How does this program illustrate what we're about? The list is long, but I can offer some examples:

- It began in the mid-80s as an effort to improve instruction with new instructional equipment.
- It was funded in 1990 as one of our efforts to improve large course sections, and students clearly believe it's paying off.
- Success in large courses is encouraging adaptation of the system for small section courses as well.
- It's a collaborative curriculum development effort involving faculty, staff, and graduate students.
- It's a training program in both curriculum planning and presentation methods for future faculty members.
- The system goes beyond simply making all kinds of visual aids available; it also gives the individual teacher the full flexibility to select and manipulate the material to suit the individual circumstances of both the teacher and the students.
- It's a system geared to making the most effective, up-to-date use of a very wide variety of instructional resources.
- The software development was a public-private collaboration.
- University faculty were assisted by ORTTA in the development of commercial licensing opportunities.
- General Biology faculty members have been generous about sharing their experience and advice with faculty and administrators from other colleges in the University.
- The electronic enhancements demonstrated in this program will have important implications for improved distance learning through telecommunications.
- And most important, as I can attest personally, this system makes complicated science concepts easier to understand and learn.

• UMD Medical School •

The other program visit that I'd like to recount was Monday's press conference in Duluth, marking the UMD Medical School's first twenty years. Regents Craig, Keffeler, Reagan, and Wynia were able to attend in person, but I

think the celebration is worth sharing with all of you. It was, indeed, a gratifying opportunity to see another program that defined its mission, planned its development carefully, and has so evidently succeeded in carrying out and further developing its mission.

- The UMD Medical School is providing high quality medical education that produces family physicians who practice in rural Minnesota.

51% of the School's graduates enter family medicine, the highest rate of all medical schools in the country.

60% settle in non-urban, non-suburban communities.

- The School has earned a reputation for excellent teaching. Their Rural Preceptorship was recently recognized by the National Rural Health Association as the *Best Rural Training Program* in the country.
- More than 300 practicing physicians are involved voluntarily in the School's training programs.
- The School continues a long-standing commitment to health care training of minority students, particularly American Indian students.

The School was recently awarded one of three "Centers of Excellence Training Grants for American Indians," established to integrate the best of Western medicine with traditional American Indian medicine.

- Nearly one-half of all American Indian students applying to U. S. medical schools apply to the UMD School of Medicine. Twelve are enrolled in the UMD program today; eight others have moved on to further medical training; and twelve more have completed training and are now practicing physicians.
- The UMD Medical School faculty's research effort has grown by 450% over the 1980s, now totaling more than \$2 million a year.
- All of these accomplishments reflect strong leadership from the School's faculty and administration, especially Dean Ron Franks, Executive Dean Richard Ziegler, and Dr. Gerald Hill, Director of the Center of American Indian and Minority Health.
- I am particularly pleased by the high degree of cooperation and communication between the UMD School of Medicine and the Medical School on the Twin Cities Campus. While the UMD Medical School's own accomplishments are the primary reasons it has survived and thrived as the country's only remaining two-year medical school, its strong relationships with the Twin Cities campus Medical School have been essential and will be in the future.

- Finally, the School's strong record of service to northeastern Minnesota and the rest of Greater Minnesota continues to build their strong case for continued support from the Governor and the legislature.

• Planning and the State of the University •

The University of Minnesota's planning agenda will be a major subject of discussion over the next several weeks and months. The development of our legislative request for the 1993 legislative session, our new planning process, and extremely important questions about the future of higher education in Minnesota will be at the forefront. All the answers are clearly not in place yet, but it is abundantly clear that the state and the University are rapidly approaching the point where fundamental decisions will have to be made about the structure and public financing of higher education.

As all of you know so well, these topics are incredibly complicated and nearly impossible to convey quickly to folks who want the time, not the history and intricacies of clockmaking.

I think it's useful to break the explanation into two categories:

- actions that we take to plan, manage, and evaluate our own activities,
- and external factors that we may be able to influence, but certainly do not control.

At this time in our history, I am convinced that the University of Minnesota has been extraordinarily successful in carrying out the actions that we said we would take and that have been under our own control. In terms of the comprehensiveness of approach, the complexity of the problems and solutions, and the sheer ambitiousness of the institutional change that we have sought over the last fourteen years, I would happily compare our record with any university in the country.

Taking stock over the last few weeks, I've reviewed the key planning documents of the entire fourteen year period. My own assessment comes down to two conclusions: we have stayed on the course that we said we'd take; and, while we have produced quality improvement results that we intended by the course we chose, we're not there yet.

That assessment of the actions under our control leads me to the conclusion that our basic planning directions should now be reaffirmed—not radically changed. That's where I start the 1993-1999 planning.

On the other hand, it is also clear that the external factors affecting our ability to shape our future have changed considerably over the last fourteen years—and they continue to change. What we must concentrate upon now is a hard-nosed reassessment of our external environment and what adaptations

we need to make in those things under our own control. We can still stay on course without stepping on every beartrap that may be in the path.

By any measure, the most important change in the external environment has been the state's political inability to sustain higher education budgets. From the outset, the University's own actions to improve quality were based on shared responsibilities between the University and the legislature.

- The Minnesota Campaign exemplified such sharing. The legislature agreed to dedicate the Permanent University Fund and its annual income to matching our fund-raising efforts in order to create new endowed chairs and professorships. That partnership was a stunning success, yielding immediate and long-range results that surpassed both the University's and the legislature's most optimistic expectations.
- "Commitment to Focus," as a specific plan in 1985, was a set of twenty actions that the University proposed to take on its own. Within three or four years, all twenty had been addressed. There was, however, another section of that document, titled "The Requisite State Response." That message, essentially, was that the University could not be expected to achieve all the goals on its own. We needed increased cooperation throughout Minnesota's higher education systems. We needed an enrollment/instructional funding system that broke away from the numbers game that rewarded sheer size and growth.
- The state's response was the enrollment management agreement in 1987. That agreement, written into the appropriations law, sought to increase our instructional spending, per student, by holding our instructional budget at least constant while we reduced undergraduate enrollment.

Again, this partnership worked; year by year, our enrollments have been managed to stay quite close to the targets originally set. We have been able to increase the per-student expenditures for instruction, and we have reached a more appropriate balance among undergraduate, professional, and graduate enrollments. As we have reported at this month's meeting, we believe this balance should be maintained for the 1994-1998 period.

- Throughout the late 1980s, the University's approach was to make quality improvements in two ways: actions that the University would take to help itself, and targeted program improvements that the legislature was asked to support with increased appropriations.

Some of the latter were approved by the legislature, notably increased graduate student fellowship support, which had dramatic effects on the quality of graduate students we could recruit, library increases that at least kept us closer to staying even, and increases for instructional equipment and classroom/laboratory improvements that have been vital.

- Unfortunately, the University was not able to get legislative approval for most of the quality improvement initiatives that were planned and proposed. In a nutshell, that is why I proposed the Restructuring and Reallocation Plan, internal reallocations that we would take, over five years, shifting \$60 million of existing money to higher priority quality improvements.
- The state's recurring budget crises have undercut the progress that we have been able to make.

While we were able, through enrollment management, to increase the the per-student expenditures for instruction, repeated rounds of general budget cuts have eroded some of the gains we worked so hard to make, even though we have tried to protect instructional budgets and make the required cuts elsewhere.

And, though we tried to convince the state that our commitment to make \$60 million of very tough reallocation choices warranted protection against state-imposed budget cuts, we didn't succeed. Adding both budget cuts and reallocations compensating for inflation to the reallocation choices aimed at quality improvements has created a heavy burden.

That brings us up to our present circumstances. We have quality improvement plans that we do not want to abandon. We've made real progress, producing real results. I find general agreement throughout the University community—and among external constituencies as well—that our directions are sound and still very much worth pursuing.

However, the political and programmatic impact of continuing state budget problems does make us feel like we are whistling in a hurricane.

• Planning for Planning •

In spite of the challenges they pose, Minnesota's economic problems do not mean that we are wrong to strive for quality improvements. Long haul, Minnesota's economic health depends in important ways on the quality of the University and public education. Our new planning, then, will not be a change of direction, but an effort to develop the strategies for making the best possible progress within the resource constraints that we cannot control.

- We will work more aggressively on collaboration, within the University, within the community, across the state and the upper midwest region, and nationally and internationally.
- We will concentrate on finding the best possible equilibrium between the work that we can do well and the resources to support that work.

- We will pay more attention to the strength—and problems—of our infrastructure: facilities, equipment, libraries.
- We will continue to develop our people resources: the diverse talents of faculty, staff, and students that we must recruit, retain, develop, and reward.
- We will continue to press for measurable results, both to keep our quality improvements on track, and to be more effective in showing our publics that their investments in the University are productive.

• Biennial Budget Request •

All of these challenges are well illustrated by the process of developing our legislative request for the 1993 session. All of Minnesota's public higher education is afforded a degree of priority in the Finance Department's instructions. Many state agencies have been instructed to plan a 95% budget, while we have been told to plan for a level budget. All of us, state agencies and higher education alike, still face the prospect of no adjustments to compensate for inflation. And in reality, reduced purchasing power is just as much a budget cut as is a reduction in dollars appropriated, requiring the same trade-offs of tuition and other price increases against programmatic reductions.

The Finance Department instructions do allow proposals for investment initiatives, and we are currently preparing three:

- Using Indirect Cost Recovery funds to address our most pressing infrastructure problems;
- Environment, public health, and outreach;
- and investments in distance learning.

We are not preparing a legislative request that ignores the state's economic and political realities, but neither are we assuming that Minnesotans and their elected representatives want a lower quality University by allowing the quality improvements we've already made to slip back through more and more erosion of state support. That could happen if "spreading the pain" is the only basis for the state's budget choices.

We have a strong case for wiser, long-range investment, and we have to make that case more clearly.

• Strategic Planning in the Health Sciences •

The importance of clinical service to the education of students and the conduct of research across the Health Sciences, coupled with the dramatic changes underway across the entire health care system in the United States, has posed a special challenge for strategic planning.

However the national "health care crisis" is resolved—if indeed it is—through the current national debate, the fact is that sweeping changes already occurring in the public and private health care systems have already changed the operations of university hospitals, clinics, and other clinical enterprises. The external changes in Minnesota, in the Twin Cities metropolitan area and around the state, have had particular impact on the University of Minnesota's clinical enterprises—and on all the Health Sciences colleges that depend upon our hospital and clinics for teaching and research.

The changes in the external health care environment are still going on; a week rarely goes by without stories on hospital mergers, new combinations of insurance plans and health care provider organizations, or new state and national approaches proposed or initiated. Nobody can predict where and how all of this will be resolved, but one thing is clear; we cannot sit back and wait for all the smoke to clear. We have to do strategic planning that ensures the synergy of teaching, research, and clinical service that has been the heart of our Health Sciences colleges' enormous contributions to the state.

That planning is underway. Under the guidance of a Strategic Planning Steering Committee, three task forces are planning internal initiatives to strengthen the competitive position of the University of Minnesota Hospital and Clinic in the health care marketplace:

- the Cost Reduction Task Force, to reduce costs to competitive levels for equivalent services

Near-term targets include a 10-15% reduction in cost per discharge and a \$40-45 million reduction in annual operating expenses.

- the Service Quality Task Force, to achieve service quality levels superior to those of competitors

Performance goals and standards include service to patients and families, service to referring physicians, and service to internal professionals and departments.

- the Clinical Outcomes Task Force, to demonstrate superior clinical outcomes to purchasers more effectively than competitors

These, like many of the institutional quality improvements I mentioned earlier, are initiatives that we can take—aspects of our own culture that we can

and must change if we are to thrive in far more competitive external environments.

In all likelihood, success in all of these internal initiatives will not ensure competitiveness in the changing external marketplace, where structural changes in insurance and health care delivery organization are imposing more and more restrictions on the practitioners, hospitals, and clinics that patients and their families can choose for health care services. What these changes and restrictions might mean to the University may not be entirely clear, but it is clear that we cannot sit on the sidelines. Strategic planning must include careful study of new affiliations among Minnesota's public and private health care providers.

• Personnel •

Earlier this morning, marking the completion of her term as Acting Chancellor of the University of Minnesota, Waseca, we presented a certificate of appreciation to **Nan Wilhelmson**. I want to add my personal tribute.

Nan took on an assignment that she didn't seek and didn't want. The work she wanted is reflected in the teaching and academic administration roles in her prior twelve years at UMW. Knowing that, I am grateful to her for taking on job that has been almost relentlessly difficult, and I am particularly grateful for the extraordinary sensitivity with which she always dealt with people—with Waseca's faculty, staff, and students, with the Waseca community, and with the rest of the University community.

We often say that the quality of a university is defined by the quality of its people. I will say as often as I can that I am proud to be associated with Nan Wilhelmson. She exemplifies quality every day.

Nan, of course, did not accomplish her difficult work alone. Many others contributed constructively and effectively, in spite of the unpleasantness of the tasks. All deserve our thanks, and I want to specifically thank the rest of Nan's management team from the Waseca campus: **Kathryn Hanna**, Vice Chancellor for Academic Affairs; **Lowell Rasmussen**, Director of Plant Services; **Michael Rollefson**, Director of Business Affairs; and **Tom Yuzer**, Director of Institutional Advancement. I also want to recognize some of the central administrators whose contributions made this difficult transition possible: **Gene Allen**, Vice President for Agriculture, Forestry, and Home Economics; **Carol Carrier**, Associate Vice President for Human Resources; **Bob Erickson**, Senior Vice President for Finance and Operations; **Roger Forrester**, Assistant Vice President for Human Resources; **Patricia Kovel-Jarboe**, Coordinator in Academic Affairs; **Kathleen O'Brien**, Associate to the President; **Jeanne Markell**, Associate to Vice President Allen; and **Barbara Muesing**, Executive Director and Corporate Secretary, Board of Regents.

• Some Good News on Financial Support •

This is the time of the year when reports on the last fiscal year start coming in, and it's gratifying to be able to share some good news.

Once again, our faculty members have demonstrated their abilities and scholarly reputations by attracting an increased level of non-state financial support for sponsored research and training grants and contracts.

The total of awards announced in the fiscal year ending June 30, 1992, was \$ 273,331,678! That is a 17.4% increase over the year before — more than 40 million additional dollars. Those awards mean thousands of Minnesota jobs, on campus and off, and major economic impact in our state just by coming into the University and circulating in the economy.

In very large measure, those jobs and those dollars could and would have gone to other research universities and other states' economies. They came here because our faculty's work was judged to be worthy of those investments by sponsoring agencies, usually so judged in highly competitive programs that rely on peer review by practitioners and scholars from all over the country. Today, probably more than ever before, the public and private organizations that sponsor research and training are also faced with making tough choices. That they choose the University of Minnesota is a very real tribute to the talents and work of our faculty and staff.

Important as the influx of \$273 million is to the immediate health of our economy, the full value over the long range is the knowledge gained, the knowledge and technology transferred to the private and public sectors, the training accomplished, and the career contributions of those who are trained.

Patent and licensing activity, another part of the last fiscal year's report, is particularly relevant to the longer range impact. Last year our faculty members filed 147 disclosures of inventions, and they were awarded 39 patents. The University also granted another 41 licenses to commercial enterprises using inventions patented through our Office of Research and Technology Transfer, as well as 75 new University trademark licenses. I have not seen national comparisons for the most recent year, but all of these results are fully consistent with the last few years' results, which have consistently kept the University of Minnesota among the top five research universities in the nation.

And, even before the Gopher football season started, we had sold more than 2,100 Memorial Stadium bricks!

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President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
October 9, 1992

Mr. Chairman, Ladies and Gentlemen of the Board, celebrating the accomplishments of members of the University community is one of the principles of "community-building." This month offers a number of such celebrations that I would like to call to your attention.

• **Alexander von Humboldt Foundation Award** •

At noon today, **Professor Larry L. McKay** will be honored as the recipient of the Alexander von Humboldt Foundation Award for 1992 "for the most significant contributions to American agriculture in the past five years." He was selected in honor of his work applying biotechnology principles to the starter cultures used in the development and production of dairy foods.

Dr. McKay is Professor of Food Science in the Department of Food Science and Nutrition of the College of Agriculture and the College of Human Ecology. He also holds graduate faculty appointments in Food Science, Microbiology, Genetics, and Microbial Engineering.

The Alexander von Humboldt Foundation is based in Germany and the United States. It is named for the 19th Century German geographer and funded by the Alfred Toepfer Company, a German trading firm.

Dr. McKay is the second University of Minnesota faculty member to win this distinguished award. Regents' Professor Vernon W. Ruttan was honored with the award in 1984.

• **The Presidents Club Annual Dinner** •
Celebrating the 30th Anniversary of the University of Minnesota Foundation

Today, thanks to Governor Arne Carlson's proclamation, is "University of Minnesota Foundation Day," in recognition of the outstanding service that this voluntary organization—the most important and most productive of our public/private partnerships—has given to the University and the State of Minnesota.

Later this evening, the Presidents Club Annual Dinner will celebrate the University of Minnesota Foundation's 30th Anniversary. Our Foundation's entry into the world of "thirty-something" is, indeed, a cause for celebration; its growth, productivity, and impact have been extraordinary:

- There were 27 donors to the University of Minnesota Foundation in 1963; today, there are nearly 59,000 donors.
- The Foundation's annual gift production was \$62,000 in 1963; last year, it was \$60,300,000, nearly 1000 times that first year not so long ago.

And, the 1992 annual gift production exceeded the Foundation's goal by \$10,000,000, while at the same time holding operational expenses below the \$4.4 million annual budget.

- The Foundation's assets have grown from a negligible amount in 1963 to \$321,000,000 today.
- Last year, the Foundation raised \$9.8 million for scholarships, more than double the amount raised for scholarships only two years ago.
- Annual Fund and Corporate Matching contributions were \$5.2 million last year, up 6%.
- Major Gifts (over \$10,000) were \$27.9 million, up 14%.
- Deferred Gifts were \$9.2 million, up 74%.
- In 1991, the last fiscal year for which we have national figures, the University's voluntary support—defined as gifts and non-contract research grants actually received—totaled \$109 million, third in the nation among public universities and eleventh among all universities, public and private.
- Thanks to the Foundation's leadership, construction is well underway on the **Frederick R. Weisman Art Museum**, the **Ted Mann Concert Hall**, the new **Mariucci Arena**, the renovation of **Williams Arena**, and the renovation and conversion of the old Mariucci Arena into the **Women's Sports Pavilion**.
- As of June, 1985, the University had only 17 endowed chairs or professorships.

By June, 1988, the Foundation's "Minnesota Campaign" had increased that number to 144, but those fund-raising efforts didn't stop with the official end of the Campaign.

By August, 1991, the number had risen to 223 chairs and professorships.

I don't have an official figure as of today, but we may have passed 250.

- And, through the continued effort of the Foundation, we now maintain twenty Regents' Professorships, providing the \$10,000 annual stipend to supplement the salaries of our most honored faculty members.

Paying tribute to an organization of loyal volunteers is always an inadequate gesture; there are too many who deserve tribute, and too little time or space. I must, however, single out **Marvin Borman**, 1990-1992 Board Chair, and his distinguished predecessors who have served as Foundation Chairs and Presidents:

Russell M. Bennett
Dale R. Olseth
George T. Piercy
Raymond Plank
Elmer L. Andersen
John G. Ordway, Jr.
Julius Davis
Curtis L. Carlson
James Binger
Donald C. Dayton
Bernard H. Ridder, Jr.
Arthur H. Motley
Arnulf Ueland
Carlyle E. Anderson
Henry C. Mackall

This evening's dinner is another opportunity to say "thank you" for the volunteer commitment, hard work, and generosity that these sixteen leaders have organized and exemplified over thirty years of Foundation-building—the pun very much intended.

It is also chance to express appreciation to the Foundation staff, the deans and collegiate development officers, and the members and staffs of the Minnesota Medical Foundation, the 4-H Foundation, and the Minnesota Landscape Arboretum for all the individual and team efforts that have borne such handsome fruit.

• The University of Cyprus •

On October 17, the Republic of Cyprus will celebrate this fall's opening of its first university, the University of Cyprus. The event has been called "the most glorious thing that happened to Cyprus since independence" by our own Theophanis Stavrou, Professor of History and Director of Modern Greek Studies in the Institute of International Studies, College of Liberal Arts.

Professor Stavrou ought to know; he was born in Cyprus, and he was appointed in 1988 as a member of the preparatory committee that planned the university. Now, he serves on its interim governing board, and I'm pleased to tell you that he will officially represent the University of Minnesota at the opening celebration.

A number of other University of Minnesota faculty members have also served as members of planning and faculty selection committees, and Professor Stavrou tells me that several of the first administrative staff and faculty members are graduates of the University of Minnesota. The University of Cyprus thus becomes yet another example of global talent sharing, with those person-to-person relationships that have proven so important to international program collaborations.

• Campus Welcoming Events •

Vice President Marvalene Hughes celebrated this fall's dormitory move-in day by putting me to work—as titular head of Nils' Movers and Shakers, complete with T-shirt uniforms for my crew of about 25 staff members from many University departments, all of whom carried in more boxes of clothes, books, and electronic hardware than I carried. The truth is that I personally moved in somewhat fewer than our 4,400 dorm residents, and it wasn't really work. The truth is, it was very enjoyable, meeting students and their families, and sharing just a little of that special excitement and adventure.

Vice President Hughes and her staff added another—or perhaps reinstated—another welcoming event this year, the Opening Convocation for New Students, Families, and Friends, held last Saturday afternoon in the Bierman Football Complex. In all, some 1,500 attended. We had music, a picnic, welcoming speeches by Vice President Hughes, student leaders from the Minnesota Student Association and the Graduate and Professional Student Association, and me, with discounted tickets to the Gophers' win over Illinois—another matter of some celebration.

• Smoke-Free Campuses •

Strictly speaking, the development of smoke-free campus policies is not a celebration, but I suspect Regent Craig may want to join me in calling it cause for celebration. And, I'll need to say at the outset that the coordinate campuses have bragging rights for moving faster than the Twin Cities campus.

Whatever the timing, we can all claim genuine progress on what I regard to be an important public health issue, one on which college and university campuses have special leadership responsibilities.

- The Duluth campus implemented its smoke-free campus policy in June, 1991, banning smoking in all University-owned vehicles and buildings, with the exception of designated dormitory rooms.
- The Crookston campus implemented its policy on September 1, 1992, banning smoking in all indoor areas except private residential space within University residence halls and apartments.
- The Morris Campus Assembly will hold its initial discussion of a proposed policy on October 12, 1992. The proposal would ban smoking in

all public areas in any campus building, with the exception of "private on-campus living quarters only when all occupants agree to allow smoking."

- The Twin Cities campus policy proposal will be considered by the Provost's Council on October 13, 1992, and submitted to the Twin Cities Campus Assembly on November 17, 1992. The proposal would ban smoking in all University-owned facilities, including vehicles and outdoor group seating facilities. The exceptions would be designated private resident rooms in residence halls, and other University owned/operated private residences. The proposed date for full implementation is August 2, 1993.

In all cases, the development of these campus policies has involved careful planning, campus-wide communication efforts, and appropriate consideration of assistance programs for smoking cessation. While we cannot expect to achieve the goal of a smoke-free institution without a measure of controversy, I am fully convinced that all four campuses have proceeded sensibly and appropriately, and I look forward to reporting full implementation in less than a year.

• Personnel Matters •

Two major appointments this month warrant special comment.

The appointment of **Dr. Josie Johnson, Associate Vice President for Academic Affairs and Associate Provost with special responsibility for minority affairs**, provides us with a widely respected leader, on campus and off, whose University experience even includes service on the Board of Regents. Dr. Johnson also brings important continuity to her new duties, having served since the fall of 1990 as director of the All-University Diversity Forum. Most recently, she has served on the planning committee for the October 29 State-wide Teleconference of Combating Racism and Bigotry on the College Campus, in which UMD Vice Chancellor Sandra Featherman and I will take part. From a personal perspective, I have had the pleasure of working with Dr. Johnson for many years. I have long valued her good counsel, and I am most pleased that she now joins the cabinet officially.

In welcoming Dr. Johnson, I must also express my personal appreciation to **Dr. Dennis Cabral**, who has served as Acting Associate Vice President and Associate Provost. He responded to our request for perhaps six months of help; he's been helping for more like twenty-eight months. I'm pleased to add that his help will continue, now as Associate to the Senior Vice President for Academic Affairs and Provost, with general staff duties that will include, I'm told, organizing Jim Infante's workload...a formidable task!

Mr. Richard Pfutzenreuter, Associate Vice President for Budget and Finance, brings important experience with state budgeting, as well as a name

almost as long as Dr. Johnson's title. Whenever possible, we'll use "Fitz," the name better known throughout state government by those who have worked with Fitz as Fiscal Staff Director for the Committee on Ways and Means in the Minnesota House of Representatives and have come to know him as a talented manager and "numbers person" with an excellent understanding of policy issues.

• State of the University - 1992 •

The full text of my 1992 State of the University speech is appended. Now that others have taken the opportunity to condense and summarize my remarks—and now that I see and hear how my messages are being interpreted—I would like to add a few comments.

In briefest possible form, my intention was to convey both the pride of accomplishment in changes already made and the serious threat that our progress—indeed, our values—cannot be preserved unless we continue to change our ways.

In Monday's speech and throughout all of our other discussions and documents on planning and budgeting, my general message has been that the University of Minnesota has carefully planned and carried out dramatic institutional change.

We have been involved in a major process of change to improve our quality and effectiveness, our accountability, and our community spirit (our values) for more than a decade, but we still have much more changing to do—in seven ways—to meet the challenges of the 90s:

- **How we teach and learn**
- **How we explore**
- **How we reach out**
- **How we finance**
- **How we manage and provide a strong infrastructure**
- **How we compete and collaborate**
- **How we form a community.**

We studied our problems carefully and systematically. We charted a course of quality improvements in those areas of University teaching, research, and outreach that were—and that remain—the proper priorities of this land-grant research university. We presented our proposals to the people and their elected representatives, and we were given very considerable support and encouragement. We used that support as we promised we would, and we have delivered—and continue to deliver—quality improvements that make extremely important differences to Minnesota.

In better financial times, our quality improvement investments were joint investments by the University and the state. We asked for and were given partial support by state government, with the understanding that we would do

our share to find the rest, through non-state sources and the tough choices of internal reallocation.

When Minnesota's economy and state budget ran into tougher times, we stayed on course with quality improvements, and we made even tougher choices in order to keep our promises. Some of those choices, such as the closing of the Waseca campus and a succession of tuition increases, have been excruciating to many of us.

I remain fully convinced that we are on the right course, in spite of the budgetary and human costs that we have had to endure along the way. I am also convinced that ours is essentially the correct course for the future choices that we should be making—where we can make choices on matters that are within our responsibility and control.

However, conditions that are not under our responsibilities and control have changed very dramatically since we set our course in the late 1970s. If we expect to stay on course—and preserve our values—we will have to change our ways and adapt to the changing circumstances.

It is this kind of changing circumstance that convinced me to propose a broader discussion of University financing to create a broader understanding of the University's "mixed economy," the funding dynamics of state investment, tuition policies, and federal, private, and corporation funding.

The University has become more "state-assisted" than "state-funded," we have a "mixed economy" that is not well understood, where the state's investment is essential to sustaining our ability to keep up highly successful efforts to generate other resources—and where our dependence on tuition raises serious public policy questions.

It works the other way, too. The State of Minnesota and the people of Minnesota are "University-assisted." That's why the University was established in the first place. Staying on course—while adapting sensibly to changing circumstances—is essential to the protection of the University's ability to assist Minnesota. That is a fundamental part of our responsibility for public accountability.

Appendix:

The State of the University of Minnesota, 1992:

"The University is One of the Glories of This State"

"We Must Change Our Ways to Save Our Values"

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
November 13, 1992**

Madam Chair, Ladies and Gentlemen of the Board, the University's budget hearing with the Minnesota Department of Finance was held on November 3, and I want to share with you the key points of my presentation.

1. This is a University that has taken the need for change seriously.

- *Commitment to Focus* was an agreement between the University and the Governor/Legislature of 1987.

- The University has kept its side of the bargain:

- Reducing undergraduate enrollment on the Twin Cities campus by 6,000 FYEs
- Improving the quality of graduate, professional, and undergraduate education
- Improving the sponsored research record
- Improving private fund raising

- *Restructuring and Reallocation (Access to Excellence)* is a \$60 million agenda for change adopted by the Board of Regents in March, 1991.

- This is one of the most ambitious plans for change adopted in this country.

- It identified University-wide areas of emphasis as recipients of reallocated funds such as undergraduate education.

- It identified several larger and many smaller programs that would be reduced or eliminated, including the unprecedented closing of a public campus, Waseca.

- \$35 million of the \$60 million reallocation has been completed as of October, 1992, slightly ahead of the schedule adopted in March, 1991.

- The University stayed on schedule with the reallocation plan in spite of major cuts in the State appropriation.

- Our *Statement of Management Direction* sets a course for change that is based on full accountability, responsiveness to stake holders, cost effectiveness, ease of management, and focus on mission.

2. This is a University that did its part during the last (1991-93) biennium.

- In view of the State's financial problems, we asked for no increases in the University's budget for 1991-93; I believe we were the only State-supported entity to be so modest.
- Members of the Board of Regents, the faculty, staff, and students, and alumni questioned the wisdom of this modesty; we insisted on what we considered a responsible approach -- and prevailed.
- The approach made necessary significant additional program cuts (beyond the *Restructuring and Reallocation Plan*) and significant increases in tuition.
- As a result of the combined legislative sessions of 1991 and 1992, the University's state appropriation was reduced by approximately 5 percent, by \$16 million for 1991-92, and by \$27 million for 1992-93.
- No salary increases were given for 1991-92
 - I believe this was the only instance of no salary increase in State-supported entities; after increases of at least 5 percent, and in many instances far greater increases (as high as 12-13 percent), were granted by other State-supported entities, we negotiated a 5 percent (approximately) increase for 1992-93 for faculty, staff, and unionized employees. It was paid for by internal reallocation.
- A total of over 1,000 positions have been or will be eliminated by July 1993, involving all categories of employees, and including over 750 actual layoffs.
- From a national perspective, the cuts sustained by the University were very severe.

3. This is a University that is accountable.

- When I became President in 1989, I made accountability rule #1.
- Accountability involves several areas:
 - Management accountability
 - Financial accountability
 - Physical facility accountability

- Personnel accountability
- New auditing procedures adopted in 1989.
 - Aggressive auditing of units has been done since 1989 and has identified a number of problems that are all being addressed. Strong action has been taken, and will continue to be taken, against persons who have failed in their management responsibilities, let alone their legal obligations.
 - Special attention has been given, and will continue to be given, to university-industry partnerships.
 - We have implemented, or are implementing, the recommendations made in the Report of the Governor's Blue Ribbon Commission (the "Spencer Commission") of 1988.

- Program (academic) accountability such as:

- New preparation requirements for undergraduates went into effect in the Fall of 1991; 70 percent of freshmen entering in Fall of 1991 had four years of English, three years of math and science, two years of social studies, and two years of foreign language -- as compared with 17 percent in 1985 (preliminary figures for the Twin Cities for 1992 indicate that the percentage is now 75 percent).
- Student evaluation of all teachers is required.
- Extensive training and testing of teaching assistants is required, including language training for non-native speakers of English.
- Class sizes have been reduced 13.5 percent. The percentage of freshmen registrations in classes of less than 20 has tripled. Special funding has been provided to ensure course access when students need it.
- 142 University projects with the Minnesota K-12 system are now in effect, ranging from Math for Talented Youth to special financial aid for St. Paul high school graduates participating in the Minority Encouragement Program.

4. **This is a University that is highly productive.**

- In an overall sense, the University is very productive, but we certainly have problems, too, and must pursue an aggressive agenda of change.

- Outcomes combined with systematic and regular audits of performance must be the basis for a meaningful evaluation of the University's achievements, not isolated nit-picking on how we do things.

- Five areas of performance are especially important:

- Education outcomes

- Graduation rates appropriate to the students we serve (may be different for recent high school graduates and adult students returning to school); I raised this issue as far back as 1989 in my inaugural address; there are some signs that the graduation rates are changing upwards; at least the retention rates have improved (from 73.7 percent between the freshmen and sophomore years in 1984 to 77.8 percent in 1991).

- Number of students graduating, including the many transfers we receive (as separate from straight graduation rates); we graduated 10,981 students in 1991-92 (including 651 Ph.D.s); we are productive in graduating students!

- Student success as measured by performance on graduate and professional school entrance exams, and in graduate and professional school admission and graduation; as measured by job placement; as measured by student satisfaction.

- Student success as measured by academic program and accreditation reviews.

- Research outcomes

- Sponsored research volume, a direct measure of national competitiveness in research; we have ranked 5th in the nation in recent years, among all universities, public and private; we've ranked 4th among public universities; in 1991-92, the dollar amount generated by sponsored research was \$273 million, up 17.4 percent over the previous year!

- Our faculty members are paid on the average of \$54,000 a year -- and generated last year on the average \$124,000 per faculty member in sponsored research (\$150,000 on the Twin Cities campus).

- Much of Minnesota's economy is there, and has been successful, because of University research: 80 percent of agricultural exports are the result of such research; the computer and the medical engineering industries were

developed by University graduates and faculty and staff innovation; 550 corporations, with sales of \$14 billion, have been started by IT graduates alone, two-thirds of them in Minnesota.

– Outreach outcomes

- The University reaches into every county in Minnesota with knowledge transfer through the Minnesota Extension Service.

- Project Outreach, invented and partly financed by the University, gives 400 small businesses around the State access to technical and management assistance; recognized as a national model by Congress and President-elect Bill Clinton.

– Outcomes in terms of direct economic return on the State's investment.

- Only 28 percent of total University budget now comes from the State appropriation -- down from 32.8 percent in 1987.

- Tuition now covers 40.7 percent of the cost of instruction, not the 33 percent assumed by the State in recent years.

- 16,000 full-time University jobs are funded by funds other than the State appropriation, two-thirds of the total work force; this non-appropriation funded work force has grown by 40 percent in the last 15 years -- great growth.

- 8,000 full-time jobs are funded by the State appropriation, including faculty and staff for research and outreach, including the MES, as well as for teaching; the present appropriation -- funded work force is approximately the same as fifteen years ago -- no growth.

- Private gifts and pledges in 1991-92 exceeded \$60 million, 20 percent more than in 1990-91; the University ranks third among public universities in total voluntary support.

- The State's investment is essential if the University is going to be able to maintain this extraordinary record of non-State funding. The primary motivation for private giving is to supplement (not substitute) public funding to make a quality difference. Lower public funding would hurt private gift potential.

– Outcomes in terms of other State public policy objectives.

- A strong work force
- A highly educated citizenry
- Strong participation of minorities and women
- Economic, social, and geographical access
- Access for persons with disabilities
- Environmental protection
- Public health concerns

5. This is a University that has been, and can and will continue to be, a good partner as the State tackles its financial problems.

• Our decision not to ask for any increase in our budget for the 1991-93 biennium was highly unusual -- and frankly questioned by many constituencies; we wanted to be partners in solving the State's financial problems; did we get fair treatment?

• This time, for the 1993-95 biennium, we will submit a request that has two parts:

– It states the options we have if we receive no increase in the State appropriation.

– It states the funding we need if we are going to continue to fulfill our essential roles in teaching, research, and outreach, continue to attract significant resources from non-appropriation sources, and fulfill major State public policy objectives.

• We have responded to the Governor's request that we state the implications of no increases:

– If we have to cover unavoidable maintenance cost increases and inflation at 3.5 percent plus 3.5 percent for 1993-95, and keep tuition increases to the same rates, we must reallocate \$52.5 million from our State appropriation to meet our obligations.

– Such cuts mean the layoff and/or termination of an estimated 900 persons/jobs.

– It means elimination or curtailment of a number of academic programs.

– It means that we will be unable to address our \$300 million deferred maintenance problem; we are already facing a \$9 million obligation to fund unfunded current maintenance from reallocation.

- It means that the completion of our *Restructuring and Reallocation Plan* of March 1991 will be seriously delayed, and perhaps impossible -- with direct repercussions on educational quality, research initiatives, and outreach.

- Other options involve further significant tuition increases, with potentially severe implications for access.

- We have stated the following priorities for any funding increases that could be made:

- Inflationary increases, for compensation and equipment and services: \$16.9 million plus \$34.5 million for the biennium.

- Deferred maintenance: \$6.5 million plus \$6.5 million for the biennium.

- Three investment initiatives:

- Children, Youth, and Families: \$600,000 plus \$600,000 for the biennium.

- Distance learning: \$670,000 plus \$1,340,000 for the biennium.

- Water research/Lake Superior: \$400,000 plus \$400,000 for the biennium.

6. This is a University that is of fundamental importance to the long-term future of the State.

- The question before us is this: Are we eating our seed corn at a time when we need more than ever to look to future crops?

As members of the Board, you have shared in the full complexity of making institutional change, year after year. You have felt the pain of making choices and the satisfaction of seeing results. You know we're not there yet, as I do, but we're getting there.

I have found great encouragement in your continued support for staying the course. Developing a strong, comprehensive plan and sticking to it with determination is the right thing to do for the future health of our state. The University and the state government now face the most serious challenge to staying that course. We face, together, an undeniable state budget crisis that must be addressed in the 1993 session, a session that will be laden with tough choices for the Governor and the legislature. One of the toughest will be whether to keep the University on course. Our critically important message this year is that we cannot stay on course if we have to make more program and personnel cuts in order to pay salary increases and maintain purchasing power in the face of inflation. The budget cuts and tuition increases of this biennium have virtually eliminated those options for the next biennium.

• The Minnesota ALG Program •

A November 7 *Star Tribune* editorial has cited problems in the Minnesota ALG Program as "a failure of university accountability." I submit that University accountability is succeeding in this case. Our own, internal audit process, which began in early 1990, has already generated reports that provide evidence of mismanagement and wrong-doing. The University has taken actions based on those reports, as well as the questions raised by the U. S. Food and Drug Administration in August, 1992.

I have characterized this rather long process as a "voyage of discovery." Along the way, we have gradually discovered additional problems—through our own auditing and through review by the F.D.A. The present phase is a continuation of that voyage, and the University's accountability should not be prejudged before the voyage is over.

I can agree wholeheartedly with the *Star Tribune* editorial's comment that "Some may think it unfortunate that these long-festered problems surfaced on the three-year-old watch of university President Nils Hasselmo..." I certainly think that!

I can also agree that the problems give me the opportunity to demonstrate the sincerity of my promise that "accountability is rule number one in my administration." Indeed it is rule number one, and when the ALG audit is fully completed, the public will know that the rule is rigorously enforced. In the meantime, I will append the history of this on-going audit to this month's report and provide further information when it is appropriate to do so.

• Facilities Management Quarterly Report •

The *Facilities Management Quarterly Report* presented this month by Associate Vice President Sue Markham is another example of long-range accountability—a demonstration that the University takes seriously the findings and recommendations of audits and studies.

Problems in the University's physical plant management were prominent in the report of the "Spencer Commission," the Governor's Blue Ribbon Commission on Financial Management of the University of Minnesota, published December 1, 1988. Those problems were specifically addressed in a 1988 study and report sponsored by the Minnesota Legislative Audit Commission, and the Legislative Auditor conducted a follow-up study in 1991, noting both substantial progress toward solutions of problems identified in the 1988 audit and areas where continued improvements were in progress or yet to be addressed.

This month's quarterly report is the fourth status report that has been presented to the Board of Regents since July, 1991. There will be more, because the work is not finished.

Organized to report specifically on the problems and issues raised by the 1988 and 1991 reports by the Legislative Auditor, this quarterly report outlines "what's been done" and what's "in progress" in:

- Organization and Work Management

Reorganized to Improve Customer Service
 The Key to Greater Productivity: Work Planning and Scheduling
 Preventive Maintenance Program: Timely Care for Facilities Assets
 Employee Participation: Not Just a Slogan
 Investing in Staff Development
 Improving Communications
 Customer Satisfaction: A Beginning

- Financial Management

Internal Control: A Strong Environment Established
 Service Rates: Reflecting Real Costs
 Budgetary Control: A Programmatic Process
 The Next Steps

It is particularly important to point out that Facilities Management personnel, from all classifications, have accomplished systematic, responsive improvements during a period when the number of employees dropped by 300, while there are no fewer buildings to manage and operate. Since February, 1990, the number of supervisory employees has decreased by 35%, with a 24% decrease in non-supervisory employees. "Steps Toward Cost-Effectiveness and Accountability" is more than just the title of this quarterly report.

• ROTC •

President-elect Bill Clinton made it clear this week that he expects immediate action from the Department of Defense to remove discriminatory policies that currently deny full access of students to ROTC programs and benefits on the basis of sexual orientation. I have written to him to express my support and appreciation for his leadership in directing early implementation of these changes.

Appendix:

1. Report on the Minnesota ALG Program
2. *'U' already succeeding in quest for accountability* Star Tribune OpEd column, President Nils Hasselmo, November 14, 1992

**REPORT BY PRESIDENT HASSELMO
TO THE BOARD OF REGENTS
REGARDING THE MALG PROGRAM**

I come to you today to address a serious management and accountability problem involving the Minnesota Anti-Lymphocyte Globulin program, known popularly as Minnesota ALG. This program, which was initiated in 1967 and brought to the University in 1971, involves the production of an anti-rejection drug widely used for transplant surgery. In August of this year, the Federal Drug Administration (FDA) suspended the distribution of ALG because of management problems primarily related to record keeping.

Based on reports from internal audits that began in 1989 and continue at this time, it has become apparent that we face three very serious problems with the MALG Program:

1. We do not have answers to some very basic questions that are essential in order to assure public accountability. Specifically, we do not today have a detailed accounting of the MALG resources throughout the life of the MALG Program. In a preliminary review we have assembled resources and resource flow back to 1986. We are in the process of completing that documentation back to 1971.
2. We do not have the requisite level of management in place to provide immediate and essential financial and business-planning expertise to manage the Program.
3. The Program has no concrete plan for its development, evolution and appropriate structure.

Let me emphasize in the strongest possible terms that I consider these problems to be very serious. I am here to tell you today that they have been, and shall be, addressed with vigor. I have taken firm steps to address each of them, and I would like to describe these steps for you now.

First, I have asked Vice President for Health Sciences Robert Anderson to appoint J. Jeffrey McCullough, M.D. to provide immediate management guidance to Dr. Arthur J. Matas, Acting Director of the MALG Program, to assure that the Program continues to function in a business-like manner during this period of investigation and restructuring. We must be sure that this important asset is protected and operated in a prudent manner until a longer-range plan is put into place.

Second, I have asked General Counsel Mark Rotenberg to supervise a thorough investigation to obtain answers to the questions that I outlined above. Mr. Rotenberg and Senior Vice President Bob Erickson have already retained

the services of outside accounting and legal services to assure the credibility of this investigation. I have asked that Mr. Rotenberg supervise the preparation of a report on these issues, and that a status report be on my desk within sixty days.

Finally, I have asked Senior Vice President Erickson to work with the Vice President for Health Sciences Robert Anderson and the Vice President for Research Anne Petersen to develop a strategic business plan for the future of the MALG Program. I anticipate that this business plan may involve a number of stages, possibly including the creation of a separate business entity and/or the eventual sale of MALG assets. I am pleased to report that Vice President Petersen and Associate Vice President Anton Potami already have had preliminary contacts with outside consultants for advice regarding the future of the MALG Program.

The management and oversight responsibilities will, of course, remain with Vice President for Health Sciences Robert Anderson.

I have also some positive news from the FDA. As I mentioned, the U.S. Food and Drug Administration halted the sale and distribution of ALG, a widely-used drug that has been produced for over twenty years in our MALG Program, operated under the auspices of our Medical School's Department of Surgery. I am very pleased to report to you this morning that yesterday an FDA official notified us of conditional approval of our revised pediatric protocol for use of ALG with children. This conditional authorization by the FDA to again resume distribution of ALG is a reaffirmation of ALG's prior status as a mainstay in the arsenal of anti-rejection drugs used by physicians world-wide for many years. The development of ALG, the growth of the MALG Program under the leadership of Dr. John Najarian, and the thousands of people who have directly benefited from the development of this drug, are all a source of great pride to our Medical School and to the University as a whole.

In closing, let me express my sincere expectation that the MALG Program, which has literally been a life-saving resource to our community and to the world, will flourish with renewed strength in the future and with the accountability and management oversight required. Yesterday's preliminary indications from the FDA regarding the ALG pediatric protocol certainly are encouraging. However, let there be no mistake about it; serious problems exist in the Program and they are being dealt with firmly. This administration has demonstrated accountability many times. There have been major changes in physical facilities, financial and personnel management, and in the implementation of the *Undergraduate Initiative*. This administration is committed to carry out expeditiously the Board of Regents' mandate contained in its Resolution last month, to take "proactive and corrective actions to ensure compliance with Regental and administrative policies by all University programs, departments, faculty and staff to safeguard the mission of the University, and to maintain accountability to the public."

DEPARTMENT OF AUDITS CHRONOLOGY
MALG PROGRAM

March 1990	Department of Audits issues report on Medical School containing various recommendations relating to operation of MALG program.
April-December 1990	Separate, focused investigation of MALG program.
January 1991	Department of Audits issues report on MALG program containing 30 recommendations.
February-November 1991	Investigation of MALG employee Steve Neiswanger.
December 1991	Neiswanger terminated and MALG Director Richard Condie reprimanded by Dr. John Najarian.
February 1992	Department of Audits initiates Medical School/MALG follow-up audit; work suspended March-May to assist with CUFS implementation.
June 1992	Department of Audits resumes MALG audit follow up.
August 1992	At Dr. Najarian's request, Department of Audits initiates investigation of Richard Condie's relationship with Hemosol.
September 1992	Interim report issued on Richard Condie's relationship with Hemosol. Mr. Condie is removed as Director of MALG by Dr. Najarian.
Present	Department of Audits working with Coopers & Lybrand in conducting a complete investigation of MALG.

Appendix 2

'U already succeeding in quest for accountability
Star Tribune, November 14, 1992
Opinion/Editorial Column, President Nils Hasselmo

Basing the verdict on two, quite different, examples of university "business ventures," the *Star Tribune's* November 7 editorial pronounces "A failure of university accountability."

One such venture is the Minnesota ALG program. The *Star Tribune* editorial ignores the fact that allegations of wrong-doing and mismanagement are based on an investigation by the University of Minnesota's own Department of Audits. That thorough audit of the entire program—both financial and legal—is still in process, but management changes have been made, and further changes will occur.

That's not a failure of accountability; that's what accountability is. Accountability means recognizing something is wrong and taking action to change it. The tests of accountability—the willingness and ability to find the facts, and the willingness and ability to take action have been demonstrated. The results of the audit will be made public when the audit is complete.

Put my name at the very top of the list of the "some" who "may think it unfortunate that these long-festered problems surfaced on the three-year-old watch of university President Nils Hasselmo." But please don't doubt the sincerity of my promise that "accountability is rule number one in my administration."

What accountability is, is the university's own audit of the Mineral Resources Research Center, where the evidence found led the university to release the news, to file suit to retrieve public funds, and to inform the Hennepin County Attorney of possible criminal violations.

What accountability is, is the Facilities Management Quarterly Report that Associate Vice President Sue Markham presented to the Board of Regents this week. That report continues a detailed, comprehensive review of university actions taken to address the problems in facilities management that were identified by the Legislative Auditor in 1988 and 1991.

What accountability is, is a computer print-out made public at every quarterly meeting of the Board of Regents Audit Committee, part of the regular report of the Director of Audits to the Board. It's a report on 108 internal, external, and legislative audits done before July 1, 1992. It reports that 1,665 recommendations were made by those audits, and that 96% of those recommendations have been or are being implemented.

What accountability is, is the November 19 national conference we are sponsoring on university-industry research. Neither the University nor the *Star Tribune* has all the answers to the questions that must arise from the entirely new partnerships among universities, governments, and private enterprises that are certain to increase in the 1990s. It is part of accountability to lay those questions on the table for an open—and open-minded—discussion of the pluses and minuses of public-private partnerships.

The other business venture referred to in the editorial is the Minnesota Supercomputer Center, a unique public-private partnership that gives the University of Minnesota one of the most powerful computing centers in the country—at only a fraction of the total cost to the taxpayer. Accountability hasn't failed in this case. Nobody, including the Legislative Auditor, has suggested or discovered any malfeasance. The whole debate has been among

people in government, the media, the university, and private industry having good faith differences over what information should or should not be made public.

We're breaking new ground with this venture. The university administration is on record favoring the release of all information necessary to assure public accountability, and the Board of Directors of the Minnesota Supercomputer Center, Inc. has publicly committed to disclose financial data regarding that private corporation, as requested in the Board of Regents' resolution of October 9, 1992.

The current agreement clarifies the contract between the university and the center, defining clearly what the university pays and what it gets for its money. The university administration has reported on the distribution of supercomputing resources. We are implementing a restructured peer review process for allocating supercomputing resources. We are organizing an external review of all educational and research activities associated with supercomputing. And, we are appointing two highly respected scientists as members of the Board of Directors of the Minnesota Supercomputer Center, Inc.*

These steps will not satisfy everybody, once and for all. They should, however, produce a better working understanding of what information must be public, what must be private. That's accountability, too.

Finally, what accountability also is, is the uncovering of the inevitable acts of bad judgment or downright wrong-doing that no democratic institution can prevent individuals from committing. My promise on accountability is that my administration will do everything we can to discover such acts through our management oversight, and that we will take appropriate action when wrong-doing is discovered.

My promise that "accountability is rule number one" means that we will hang our own dirty linen on the line, that we are committed to learn from mistakes, and that we are equally committed to make changes so the mistakes are not repeated. There will be painful disclosures, but I trust Minnesotans to keep the problems in perspective.

I would be delighted if every Minnesotan knew everything there is to know about what goes on every day at their university. On balance, so would they.

*** [Not included in the published column]** I have appointed Regents' Professor Richard J. Goldstein, James J. Ryan Professor of Mechanical Engineering, and a member of the National Academy of Engineering. Elton Kuderer, the Chair of the Board of Regents, will formally announce this week the appointment of Mr. Lester Krogh, retired senior vice president of research and development for 3M.

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**President's Report
to the
Regents of the University of Minnesota
Nils Hasselmo
December 11, 1992**

Mr. Chairman, Ladies and Gentlemen of the Board, last month I reported to you the steps being taken to address problems in the Minnesota Anti-Lymphocyte Globulin (MALG) program. While the status report on the University's investigation of the program is not scheduled until next month, I believe that the importance of this effort and the progress being accomplished warrant at least a brief comment this month.

• Minnesota Anti-Lymphocyte Globulin (MALG) Program •

As I informed the Board of Regents in my November 12 report, both the past and the future of ALG are matters of utmost concern to this administration. Last month we initiated an intensive effort in the areas of operational management, audit investigation, and business planning, all directed at setting the MALG program on a firmer regulatory, financial, and managerial foundation and with clearer goals. This complex effort is being coordinated by Vice President for Health Sciences, Dr. Robert Anderson.

Dr. Anderson has retained Dr. J. Jeffrey McCullough, a nationally recognized expert in the area of operations and management issues. Dr. McCullough has already begun to evaluate the near-term operational and management needs of the MALG program and is proceeding with a comprehensive assessment of the program. Dr. Anderson has informed me that addressing the many serious organizational, financial, human resource, and regulatory compliance issues will require new staff at MALG and considerable time and energy.

General Counsel Mark Rotenberg is directing the University's legal and financial investigation of the MALG Program. General Counsel Rotenberg has retained the services of Coopers & Lybrand, a national accounting firm, and is utilizing the Office of University Audits, directed by Patrick Spellacy, to determine the financial history and current financial status of MALG.

General Counsel Rotenberg has also retained the services of Hogan & Hartson, a Washington, D.C. law firm, to provide specialized legal counsel to supplement his office's current staff capabilities. He has already met with his accounting/legal team and established the parameters of the investigation, which shall be thorough and independent, and which will address the many difficult legal questions surrounding MALG that have arisen in the past few months, including complex FDA, patent, and other issues. A status report on the investigation will be provided to me in mid-January.

Senior Vice President for Finance Robert Erickson, with assistance from Vice President for Research Anne Petersen and Associate Vice President Tony Potami, is evaluating and making recommendations concerning the business future of the MALG program. With the assistance of outside consultants, Vice President Erickson will evaluate the range of business options that are available for the future of MALG, and the risks and benefits associated with each option, and provide a recommended course for the future structure of MALG and its relationship to the University. He assures me that our efforts will provide appropriate stewardship of this valuable asset during this difficult period.

In sum, the serious questions confronting the University relating to the past, present and future of the MALG program are being addressed with the necessary resources to do the job. This job will take time, and it will be costly. As I said earlier, we are on a journey of discovery that may lead to difficult decisions. We are committed to pursue whatever actions are necessary. Yet, while we are investigating and resolving these issues, we should not forget that MALG has made an outstanding contribution to medical science, that it has saved and improved many lives, and that the individuals who have been and are associated with this program, as a group, are dedicated and extraordinarily hard working public servants who deserve our thanks.

The University is not a drug company, and the problems we now confront are, in part, the result of the fact that MALG has not operated as would a well-functioning pharmaceutical firm. What we must now do, however, is take stock of what we have done and where we should go. When this process is complete we will know what mistakes have been made and what the future should be for MALG.

• HECB Student Financing Proposal •

At yesterday's meeting of the Committee of the Whole, you approved unanimously a Board resolution opposing the *Student Financing Proposal* that the staff of the Minnesota Higher Education Coordinating Board placed on MHECB's agenda for action at their meeting yesterday. Senior Vice President Infante then presented your resolution to the Coordinating Board before their vote.

The Coordinating Board amended this proposal yesterday afternoon, still recommending a substantial increase in student financial aid funding, but no longer specifying tuition increases as the source. MHECB's amended proposal now recommends an increased state appropriation as the preferred source, but also, failing that, that financial aid increases would come from reducing the state appropriation to Minnesota's public higher education systems—cutting programs or increasing tuition.

I doubt that anyone concerned with Minnesota higher education would argue with the need for increased student financial aid. More money is needed

for the state's student financial aid programs. Minnesota's public policy that no qualified student should be denied higher education because of financial status has simply been undermined because federal, state, and private student financial assistance has not kept pace with inflation, tuition increases, and other increases in costs associated with college attendance.

While there are encouraging signs that the Clinton administration is going to try to improve student aid programs at the federal level, the realities that we and our students already face—right now—make it clear that financial access is already eroding. To stop that erosion, MHECB's State Grant program must be increased.

However—and it's a whopping big "however"—the MHECB proposal that budget cuts in higher education should be the source in the event that the legislature is not able to increase the student aid appropriation raises a host of fundamental public policy questions that simply have not been considered. The Board's resolution yesterday raised several of these issues, including the following issues related to tuition:

- asking graduate and professional students, as well as non-resident, non-reciprocity students to pay higher tuition to increase aid for which they are not eligible;
- adversely affecting the University's ability to subsidize high-cost professional and graduate students;
- further differentiating the state of Minnesota from its reciprocity states and Manitoba in tuition levels and financial aid and changing the incentives for student choices;
- reducing access to higher education for lower-middle and middle income students that is in excess of gains in access for lower income students;
- establishing a funding level that exceeds what is mandated by state or federal law; and
- using a private college tuition cap that appears to be higher than the level that was intended by existing state legislation.

If neither tuition nor an increased appropriation can be the source of additional student aid money, there are only two alternatives remaining: budgets cuts in other agencies or programs funded by the legislature; or budget cuts in higher education.

If it comes to reduced state appropriations for the public higher education systems, the fact remains that students would pay a substantial part of the cost.

Students won't pay in tuition dollars; they'll pay in the forms of fewer library books, more obsolete equipment, larger classes, closed classes that increase the time it takes to complete their program, and countless other erosions of quality. Their tuition dollar will simply buy less. They will have access to low quality, which Garrison Keillor described as "subjecting them to a mediocre education" and "letting public education slide."

Let me also remind you of the vision Garrison put before us in the same wonderful speech to the Minnesota Alumni Association last spring:

"...if there's a child anywhere from Luverne to Grand Marais to Winona to Kittson County who God intended to be a great mathematician or a doctor or a judge or a poet or a historian or a great public servant, then we will not willingly stand in that child's way by subjecting that child to indifferent and mediocre education."

That's what it is all about!

• Academic Excellence Scholarship Program •

Thanks to the Minnesota legislature and to Representative Gene Pelowski, Jr. from Winona, who sponsored the bill, Minnesota's public and private four-year campuses are about to benefit from a new program that will provide scholarships from the sale of automobile license plates featuring participating campuses.

The 1991 law and 1992 amendments that Representative Pelowski shepherded through the legislature will allow people to buy special plates with identifications selected by each campus. The cost will be an extra \$9.75 (to cover the costs of making the plate) plus another \$25 per year to support the scholarship program.

The revenue generated from this program will provide four-year, full-tuition scholarships (approximately \$3,000 per year) for, in the words of the legislation, "students with outstanding ability, achievement, and potential" in "English, creative writing, fine arts, foreign languages, mathematics, science, or social science" and maintain acceptable academic progress. In our case, the exact criteria will be the responsibility of the Vice Chancellors for Academic Affairs on the coordinate campuses, and the Vice President for Arts, Sciences, and Engineering for the Twin Cities campus.

The potential revenue is impossible to estimate, but a number of other states have adopted similar programs with considerable success, and the University committee working with this program estimates that the program might generate as much as \$500,000 per year for University of Minnesota students.

The samples I'll pass around will still have some minor alterations and improved artwork, but the basic designs have been approved by all four

campuses. I'm told that these are the products of negotiations among campuses and the Department of Public Safety that are only somewhat less complex than the Middle East peace talks, but I've been spared the details, and I trust you'd appreciate the same favor.

• **University of Minnesota, Crookston** •

The Board's approval of twelve new polytechnic, career-oriented, baccalaureate degree programs at the University of Minnesota, Crookston marks more than an important turning point in Crookston's mission. More importantly—most importantly—it's a key step toward a new kind of educational opportunity for students in Minnesota. That's an exciting development, given a general climate that has not allowed much room lately for creative new opportunities.

The challenge we face now, as we move to the next steps of further development of program plans, continued discussions with other institutions and systems, and presentations of the degree program proposals to the Minnesota Higher Education Coordinating Board, is to make room in this constrained climate for a creative, positive opportunity, an experiment that may very well have future implications for both rural and urban campuses in Minnesota.

That will not be easy. Throughout the discussions of the Crookston proposals that have already been held, we've already faced the general arguments that this just isn't the time for new programs in Minnesota. Our principal challenge is to get the idea across that this is a time when it is especially important that we introduce new, creative solutions.

The Crookston campus has developed a better option, making better use of existing resources to offer new programs that meet the needs of both students and prospective employers—and doing so without making new demands on scarce state dollars.

The proposal doesn't stop there; it spells out the benchmarks—up-front and in public—on which the new programs will be evaluated. Those benchmarks are spelled out with a specificity that is unprecedented in Minnesota higher education. It is my hope and expectation that no one will reach conclusions on these proposals without full consideration of Crookston's willingness and commitment to be evaluated on the merits of these measurable outcomes.

Baccalaureate programs at Crookston will be an experiment, but the risks to the state are minimal, and the benefits to students and the state are clearly identified and well worth pursuing.

• Faculty Workload •

Another feature of the climate faced by higher education—here in Minnesota and virtually all over the country—is public attention to college and university faculty workloads. It is by no means a new issue, but it is clear that we are now in one of the cycles of heightened interest, fueled by state and federal budget crises and general economic conditions that have had such dramatic effects on job security. In those conditions, questions about the workload and productivity of all kinds of workers are expected and entirely appropriate.

Our studies of faculty workload and productivity indicate that the University of Minnesota faculty works 57-59 hours a week, graduates 11,000 students a year, attracts \$273 million a year in non-state funding for research grants and contracts, and finds and shares knowledge in countless, unmeasurable ways.

That's a quick answer that doesn't do full justice to our faculty's efforts or accomplishments. It's also an answer that many will not accept, though people often accept the single measure of classroom contact hours as the measure of faculty effort.

I've never heard the clergy's workload defined as only an hour a week. That, however, is roughly the equivalent of basing faculty workload on the number of hours per week spent teaching in the classroom.

Nor have I ever heard that Protestant ministers work less, by preaching an hour a week, than their Catholic colleagues who say mass every day. They just work in different organizations. So do faculty members in land-grant research universities, state universities, community colleges, and technical colleges.

When it comes to higher education, all subject matters are not alike, all levels of instruction from freshman courses to graduate school call for different teaching efforts, and all colleges are distinct. Personally, I would prefer to go to a dentist or physician whose training included more than the classroom presentations and discussions that dominated my own education as a linguist.

To the credit of the Minnesota legislature, Minnesota's public higher education systems have not been subjected to single, simplistic faculty workload requirements. Instead, we have been directed to "review the number of hours that faculty devote each week to student services, teaching, preparation, research, community services, and other functions."

We have done that review and submitted our report to the Minnesota Higher Education Coordination Board, which will produce a combined report on all the systems, with their own review and comment, for the 1993 session.

The Faculty Workload Task Force has also developed—and the University Senate has approved overwhelmingly—a comprehensive report on

faculty workload principles and processes that will aid both external communications and internal practices.

A fact sheet on these reports is appended.

Facts and statistics, of course, cannot tell the whole story of such diverse activities. We have no two faculty members who have precisely the same workload. To get the flavor of the range of differences, one must look at individuals, and to that end, University Relations has published a special edition of *Update*, featuring sketches of individual faculty members from *Update* issues over the last few years.

Over the next several months, we will be taking every opportunity we can to explain faculty workload to those who are interested, confident that we have strong evidence of high standards in both effort and productivity. Providing and explaining that evidence is an important part of accountability, and we have a proven track record to communicate.

• Visit to Taipei, Taiwan and Seoul, Korea •

Associate Vice President Bob Kvavik has just returned from Taiwan and Korea, where he worked to strengthen our alumni network and international program activities, and where Governor Carlson and others worked to expand Minnesota's international trade activities. He reports most gratifying expressions of appreciation and support from alumni in both countries—particularly gratifying in that the Governor was able to hear from University graduates whose leadership in Taiwan and Korea is important to Minnesota's economic and cultural ties to those nations. Conversely, the Governor's participation in our alumni events—and especially his supportive remarks about the University—were most helpful to our efforts to enhance the alumni network, and we appreciate that very much.

•Regent Alan Page •

It's with mixed feelings that I extend congratulations to Regent Alan Page for his election to the Minnesota Supreme Court. This is a great honor for Regent Page, and the Court gains a quiet, thoughtful, and very persistent voice—a voice we lose, but a message of urgency and values that remains with us as persistent challenge. I thank the Student Representatives to the Board of Regents for their tribute to Regent Page, and we all look forward to an opportunity in the coming weeks to further recognize his contributions to the University and the Board.

• **Outstanding Advising Award** •

To close this month's report with one more example of individual excellence, I would like to note that **Ms. Lois deLeon**, a counselor advocate in General College, has been honored by American College Testing (ACT) and the National Academic Advising Association as one of 14 recipients of the **Outstanding Advising Award for 1992**.

This national recognition follows Ms. deLeon's 1990 General College Mentor award, the highest honor given to General College Student Services staff, and her 1991 Tate Advising Award, the highest award given to University of Minnesota advisers.

Appendix:

Fact sheet on faculty workload

UNIVERSITY OF MINNESOTA

FACT SHEET

Faculty Work Load

■ Overview:

The University of Minnesota's 3,387 faculty members serve the three-fold land-grant mission of providing teaching, research, and service/outreach to the state. Each year they help produce more than 10,000 graduates and perform research that raises \$250 million to \$275 million in non-state funding, sharing their findings and knowledge with the public, industry, government, academic colleagues, and others through writing, public speaking, and cooperative projects.

■ Policy

On Nov. 17, 1992, the University Faculty Senate adopted a report by the University of Minnesota Faculty Workload Task Force that set forth faculty work-load principles and defined an effort determination process to help faculty members and their department, college or unit reach a clear understanding about expected efforts. The Senate recommended that the University administration devise appropriate ways to record and report the activities and accomplishments of the faculty. A complete discussion is available in the Report of the University of Minnesota Faculty Workload Task Force.

■ Comparisons with other institutions:

- ☐ University faculty work an average of at least 57 hours per week, according to the five most recent surveys. A 1990 national survey showed a 52-hour average for public research institutions, 46 for public comprehensive universities, and 40 for public two-year institutions.
- ☐ On average, a 1978 survey showed 50 percent of faculty time spent on teaching, 25 percent on research, and 25 percent on service/outreach. The 1990 survey showed an average 43 percent spent teaching at public research institutions nationally.

(over)

Fact Sheet

Faculty Work Load

Page 2

■ 1991 University of Minnesota Faculty Activity Study

In fall 1991 the Management Planning and Information Services office conducted the latest study of faculty activity. Its findings are contained in the Faculty Activity Study document of Oct. 29, 1992.

■ Teaching:

- ☐ The Twin Cities faculty average 9.6 hours of direct teaching a week. The average for public research universities nationally is 6.6 hours.
- ☐ Direct teaching and teaching-related functions raise the Twin Cities weekly average to 33.5 hours a week (59 percent of time) on instruction. Functions include advising graduate students; course planning and text selection; preparing lectures, lab assignments, and handouts; writing and grading exams and other assignments; and talking to students outside of class. Instruction of graduate students puts an extra demand on faculty time that is not matched in technical colleges, community colleges, and state universities.

■ Research and Service/Outreach:

- ☐ Twin Cities faculty average 23.5 hours a week on research and service/outreach. All faculty members are expected to conduct research or contribute scholarship or artistic creativity to their fields, but the form varies among departments.
- ☐ Professors are generally expected to raise funds for their labs and research groups. Outside funding supports equipment, supplies, technical and secretarial help, and other necessities for research projects.
- ☐ Scientists spend much time writing grant proposals to sustain their work. Despite increased competition for federal funds, 45 to 50 percent of University faculty proposals were funded for FY 91.
- ☐ Systemwide, faculty bring in \$124,335 per year in sponsored grants and contracts. The average faculty salary for 1991-92 was \$54,735.
- ☐ Outreach is the sharing of professional knowledge and expertise beyond the University's teaching and research activities to address individual, group, and societal needs.

(more)

Fact Sheet

Faculty Work Load

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- ☐ Outreach includes all activities of the Minnesota Extension Service and the Center for Urban and Regional Affairs (CURA); responding to inquiries from the public and practitioners through programs like Minnesota Project Outreach (technical advice to businesses, created by research and technology transfer office), Dial U (insect and plant problems, Minnesota Extension Service), Mn TAP (Technical Assistance Program, division of environmental and occupational health) and U-ACCESS (call-in help in diagnosis for doctors); technology transfer activities and other contacts with practitioners in various fields; and preparing and delivering expert testimony.
 - ☐ Service to faculty members' professions includes evaluating manuscripts for journals and research proposals submitted to funding agencies and judging tenure requests from professors at other institutions. Faculty members often serve as officers of professional associations or on advisory panels of funding agencies. At a research university, faculty tend to have major leadership roles in professional associations.
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